84TH CONGRESS
1st Session

SENATE

REPORT
No. 1305

REVIEW OF THE UNITED NATIONS CHARTER

SECOND INTERIM REPORT

OF THE

COMMITTEE ON FOREIGN RELATIONS

OF ITS

SUBCOMMITTEE ON THE UNITED NATIONS CHARTER

PURSUANT TO

The Provisions of S. Res. 126, 83d Cong., as Amended by S. Res. 83, 84th Cong., and Continued by S. Res. 193, 83d Cong., and S. Res. 36, 84th Cong.

PRESENTED BY MR. HOLLAND (for MR. GEORGE)

AUGUST 2, 1955.—Ordered to be printed

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SUBCOMMITTEE ON THE UNITED NATIONS CHARTER

(Created pursuant to S. Res. 126, 83d Cong., as amended by S. Res. 83, 84th Cong., and continued by S. Res. 193, 83d Cong., and S. Res. 36, 84th Cong.)

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[1] Appointed by the Vice President to serve with the subcommittee.
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FOREWORD

The Committee on Foreign Relations transmits herewith to the Senate a second interim report of the Subcommittee on the United Nations Charter, created pursuant to the terms of Senate Resolution 126, 83d Congress, as amended by Senate Resolution 83, 84th Congress, and continued by Senate Resolution 193, 83d Congress, and Senate Resolution 36, 84th Congress.

This report is submitted to the Senate by Senator Walter F. George, chairman of the subcommittee.

REVIEW OF THE UNITED NATIONS CHARTER

Second Interim Report

1. Introduction

In its first interim report (S. Rept. No. 14, 84th Cong., 1st sess.), the Subcommittee on the United Nations Charter recommended that the Senate extend the authority of the subcommittee for an additional year. The extension was requested in order that hearings might be completed and a report submitted to the Senate prior to February 1, 1956. By Senate Resolution 38 (84th Cong.) the Senate authorized the extension of the subcommittee.

Since the beginning of 1955, hearings have been held in Atlanta, Ga., Miami, Fla., San Francisco, Calif., and Denver, Colo. A series of hearings was also held in Washington in the spring. In addition, the subcommittee issued several more staff studies on various issues of charter review.

The subcommittee has now completed its hearings and background study. This report deals with one major aspect of its work: United States policy respecting the holding of a review conference. This question will be considered by the General Assembly which convenes in New York in September 1955, and the subcommittee desires to express its view on the issue prior to that time.

At such time as the General Assembly makes a decision with respect to convening a review conference, the subcommittee will be prepared to submit such detailed recommendations relating to specific issues of charter review as may be appropriate. In the interim, the subcommittee will bind and publish the staff studies prepared at its request and otherwise make its documentation available for use by the United States delegation to the 10th General Assembly.

2. United States Policy on Holding a Review Conference

The United States delegation to the San Francisco Conference in 1945 supported inclusion in the charter of article 109. The article provides that a proposal to call a general conference to review the charter shall automatically be considered by the 10th annual session of the General Assembly. A decision to convene such a conference can be taken by a majority vote of the Assembly concurred in by a vote of any seven members of the Security Council.

Thus, while a review conference is not mandatory, it can be convened by a simple majority vote of the Assembly instead of by a two-thirds vote which the charter requires if such a conference is called at any time other than at the 10th session of the Assembly. In either event, the veto does not apply; the concurrence of any seven members of the Council, together with the vote of the Assembly, is all that is necessary to convene such a conference.

The subcommittee was concerned as to whether the activities of the United States delegation at San Francisco might have given rise to

any obligation on the part of the United States to support the holding of a charter review conference. In response to a specific inquiry on this point the subcommittee was informed by the Department of State that whatever obligation may have existed prior to the drafting of the charter "was resolved" by the inclusion in the charter of the provision in article 109 requiring that the question of holding such a conference be considered automatically at the 10th General Assembly.

Secretary of State Dulles, as early as August 1953, announced that the United States would favor the calling of a review conference. The subcommittee does not know whether this position will be maintained. So far as the subcommittee is concerned, however, it believes the decision of whether or not the United States should support the calling of such a conference is one which must be made by the executive branch of the Government in the light of all of the information available to it, including knowledge of the attitudes of other member states. The subcommittee, in its work in the United States, has not found compelling reasons against the calling of such a conference and if the executive branch believes significant results can be achieved, there would seem to be no reason why it should not be held.

Some of the principal objections which have been brought to the attention of the subcommittee appear to stem from a fear on the part of some people that the United Nations might be converted, through the amending process, into a world state, in violation of our constitutional process or, on the other hand, that it might be seriously weakened and perhaps even destroyed. In considering these objections the subcommittee notes that amendments to the charter can be adopted at any time, not merely at a review conference. Furthermore, the process to be followed in either case is substantially the same. It is no easier to amend the charter at a review conference than at any other time under the regular amending process contained in article 108.

Amendments to the charter come into force only after they have been initially approved by a two-thirds vote of the member states of the General Assembly and subsequently ratified in accordance with their respective constitutional processes by two-thirds of the members of the United Nations, including all of the permanent members of the Security Council. The United States as a permanent member of the Security Council, therefore, cannot be bound by any charter amendment unless it is acceptable to the President of the United States and approved by a two-thirds vote of the Senate. The subcommittee believes that these requirements provide adequate safeguards against any amendment to the charter, not compatible with the interests of the United States, which might originate at a review conference.

There is a point of view which holds that, despite shortcomings in the charter, improvements in the United Nations system are more likely to be obtained by emphasizing the flexible character of the instrument, rather than resorting to the formal amending process. Others feel that the sovereignty of the United States might be threatened by this possibility. The subcommittee recognizes that flexibility is desirable, for a certain amount of growth and adaptation is essential in connection with any instrument like the United Nations Charter. Obviously all contingencies and needs could not have been foreseen at the San Francisco Conference 10 years ago. Flexibility should be of grave concern to the Senate, however, if it were to infringe upon the national powers of the United States without the

formal process of amendment in which the Senate's voice could be heard. In the judgment of the subcommittee no organic changes of a fundamental nature have taken place in the United Nations system since its inception. Nevertheless, if a review conference is held it might profitably explore the twilight zone where national powers and international powers commingle to determine whether further clarification is desirable in our national interest.

Other objections to holding a conference either stem from the general doubts that some people have about the efficacy of international conferences of any kind, a desire to avoid increasing international friction, or the belief that embarrassing political issues might arise such as the status of Communist China and the territorial dependencies of our Western European allies. Some hold that nothing constructive can come from a review conference since the Soviet Union has already expressed its opposition to its convening and, like this country, can prevent any amendments from coming into effect by refusing to ratify them.

Such objections are important but they are conjectural. As there are possible objections, there are also possible advantages in holding a conference. Many witnesses have suggested, for example, that a conference might ease world tensions instead of intensifying them. Rather than weakening the machinery of peace, that machinery might be strengthened. No one knows, it is argued, what stand Russia will take on specific amendments despite its present objections to a conference.

These and other advantages and disadvantages of a review conference which have been suggested to the subcommittee reflect the hopes and fears of many Americans concerning peace, the safety of the Nation, and other transcendent issues, and they have been given the most careful consideration.

The subcommittee believes that the question of whether a review conference will or will not serve a constructive purpose depends largely on the attitudes with which member states, including our own, approach such a conference. We cannot control the attitudes of other nations but we can determine our own.

If there are valid purposes for charter review, in the subcommittee's opinion, they are the purposes of clarifying the functions and operations of the United Nations system in the light of 10 years' experience, and in the light of the great changes in international relationships that have taken place during this period. They are the purposes of determining whether the combined effort of the 60 member nations can develop more acceptable and effective mechanisms of peace than those which now exist. They are the purposes of considering modifications in the United Nations so that the world might more adequately meet the threat of destruction which nuclear weapons poses for mankind.

These are difficult and complex purposes. If we support the holding of a conference, therefore, this Nation and others should approach charter review without expectation of miracles. The approach should be based on the desire to harmonize difficulties rather than to exacerbate them. It should be based on what can be achieved in the light of world conditions as they exist at the time.

We should be prepared to face complicated political issues as well as the legal questions directly pertaining to the text of the charter

which may arise at a conference. And we should be prepared for disappointments as well as achievements.

The President must form an estimate as to whether an approach of that kind by the United States will produce fruitful results. The predisposition of other countries is a key factor in determining whether or not a conference will be useful or a waste of time, whether it will be constructive or destructive. The subcommittee believes, however, that opposition from the Soviet bloc alone is not sufficient reason for avoiding a review of the United Nations system.

The requirement that the Assembly consider this fall the calling of a review conference does not mean that the conference must be scheduled to meet in 1955, or even in 1956. The subcommittee has received little evidence that other governments have given as much attention to the problem of charter review as has the United States Government. It would caution, therefore, against the convening of a review conference until the most thoroughgoing preparations have been undertaken by member states as well as by the Secretariat of the United Nations.

In the event a conference is not called by the 10th General Assembly, an alternative might be the establishment of a continuing committee of the Assembly. Such a committee could study all the issues involved and keep the question open for a reasonable period of time. While it is by no means certain that the creation of a committee of this type would serve to prolong charter authority to call a conference by a majority vote, such a committee could at a later date and in the light of changing world conditions submit recommendations with respect to the desirability of holding a review conference.

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84TH CONGRESS
1st Session

SENATE

REPORT
No. 1306

SUMMARY OF ACTIVITIES

REPORT

OF THE

SENATE COMMITTEE ON BANKING AND CURRENCY

EIGHTY-FOURTH CONGRESS

FIRST SESSION

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STATEMENT OF THE CHAIRMAN

The Senate Committee on Banking and Currency has carried an enormous workload during the 1st session of the 84th Congress. During the session there were 150 working days. The Senate was in session 105 days, and the committee or one of its subcommittees was engaged in hearings or executive session 91 days. Many of the hearings were carried on during both morning and afternoon periods.

Referred to the committee were 105 Senate bills, 6 House bills, 3 Senate joint resolutions, 1 House joint resolution, 6 Senate resolutions, 1 Senate concurrent resolution, and 12 nominations. Of these, 31 bills and resolutions and 12 nominations were reported to the Senate. The Senate acted favorably on 27 measures and 12 nominations which were reported by the committee.

I have been deeply gratified by splendid cooperation of the various subcommittee chairmen who have demonstrated their ability, fairness, and responsibility in carrying out studies, hearings, and deliberations for the committee. Their unselfish cooperation has facilitated my work as chairman, making it a pleasure rather than a burden. In my judgment, not only the Senate but the entire country owes them a debt of gratitude.

In addition, I should like to express my appreciation to the minority members of the committee and especially to Senator Capehart, the ranking minority member, for their ready availability to discuss matters needful of minority comment. Thanks are also due to the committee's staff members for their untiring and talented assistance to us.

Full Committee Endeavors

Among the first committee endeavors to be undertaken was its study of the stock market. As groundwork the committee staff prepared a report setting forth an analysis of the major factors affecting the stock market. The staff report was published in a 200-page document entitled, "Factors Affecting the Stock Market" (S. Rept. 1280).

A questionnaire was mailed to 5,500 brokers, dealers, investment advisers, financial writers, and others in the financial field, and to 113 economists. Over 1,300 replies were received and analyzed by the staff. The responses to the questionnaire when publicized played an essential part in carrying out the committee's purpose of furthering public understanding of the operations of the stock market.

The third phase of the stock market study was the public hearings that were held from March 3 to 23, 1955. The committee received the testimony of 21 witnesses. They appeared voluntarily upon the invitation of the committee and gave it the benefit of their expert knowledge because, as they almost invariably testified, the committee hearings were providing a most timely and useful forum for public discussion of the securities markets.

The committee issued its report on May 26 of this year (S. Rept. 376). It found that there had been in the stock market rising specu-

lative activity, rising use of credit, and increases in short-term and margin trading. It was critical of the Federal Reserve Board's slowness to recognize the need for vigorous action and recommended further study of various areas of stock market activity.

Numerous factors have indicated the beneficial results of the committee's efforts in the stock market inquiry.

The Securities and Exchange Commission, as a result of the stock market study, had its attention directed to many abuses in the field of securities sales. It has thus far taken the following action in an attempt to cure some of the abuses which have been disclosed:

1. Adopted a rule providing for semiannual rather than annual reports to the Commission by all companies registered under the Securities Exchange Act.

2. Amended its rules to increase the capital requirements and financial responsibility of brokers and dealers.

3. Proposed for comment the first rule ever contemplated under section 14 (b) which would compel brokers and dealers to forward proxies to the beneficial owners of securities held in street names and which would prohibit them from voting such securities except under specified conditions.

4. Proposed for comment a rule which would add considerably more protections for investors in small securities issues.

5. Proposed for comment a rule which would make the protections for investors in small securities issues, referred to above, available to investors in securities sold from Canada.

6. I understand that the Commission is currently considering issuing a proposal for comment of new rules governing proxy solicitations.

After the announcement of the concern of Congress with the amount of speculation in the market, the Federal Reserve Board raised margin requirements from 50 percent to 60 percent, and after the conclusion of the hearings the Federal Reserve Board raised margins to 70 percent. The Federal Reserve Board also made its first study of "nonpurpose" loans, and there was some reason to believe that it may make further studies of this kind.

After a lapse of a year and a half the Department of Defense reinstituted its tabulations of prime defense contractors and published a list of such contractors so that the public could know in what direction and to what extent defense spending was flowing.

Shortly after the committee had announced its study of the stock market, the New York Stock Exchange initiated more stringent rules upon the activity of floor traders.

The National Association of Securities Dealers recently adopted a new interpretation of its rules governing the selling practices of its members. This interpretation establishes higher standards and requires a fuller disclosure of pertinent facts when securities are sold. The NASD seems to be more aware of the unhealthy activity in penny stocks, for it has concentrated many of its inspections upon brokers and dealers in the areas where those stocks have the highest relative concentrations.

The beneficial effects of the committee's inquiry go beyond these more or less formal actions of various Government agencies and private groups, however. Many investors and potential investors have been made more aware of the fact that stock prices are not a sure-fire way to

get rich quick. They have learned that the SEC laws and rules do not offer protection against losses—that they merely provide for disclosure of information, and even the accuracy of the information is not guaranteed.

The results of increasing investor caution were pointed up recently in the magazine Business Week, which credited the committee's study with the result of a lower activity in highly speculative stocks and an increased emphasis on "blue chips."

It would not be correct to assume that the committee's inquiry has saved the country from a runaway stock market, but it has obviously been constructive and worthwhile. The committee will continue its studies in selected areas and from time to time will report legislation found to be necessary for the public interest.

Securities Subcommittee

The Subcommittee on Securities has assumed the task of considering specific legislation as a followup to the committee's general study of the stock market. The committee has been especially fortunate to have as chairman of that subcommittee, Senator Herbert H. Lehman. His background in the financial field, combined with his long career of public service, enabled the committee to utilize the services of a man of outstanding qualifications to conduct the committee's specific studies of legislation affecting securities.

The Securities Subcommittee has initiated public hearings on legislation pertaining to corporate proxy contests (S. 879) and has received testimony of the principals involved in both the New York Central Railroad and the Montgomery Ward proxy fights. The complex nature of the facts and issues surrounding this field will necessitate further study and hearings, probably extending into 1956.

The Securities Subcommittee also held hearings on S. 2054. Currently the investor protections of the Securities Exchange Act, with minor exceptions, apply only to companies listed on national securities exchanges. These protections include provisions for the disclosure of financial information; restrictions on insider trading in securities by officers, directors, and large stockholders of a company; rules governing the conducting of proxy contests; and restrictions on the use of credit in the form of margin requirements. S. 2054 would extend these same protections to investors in unlisted securities which are traded over the counter. The subcommittee, on July 28, 1955, ordered this measure reported favorably to the full committee.

In addition, this subcommittee conducted hearings on the nomination of Harold C. Patterson to membership on the Securities and Exchange Commission.

Production and Stabilization Subcommittee

The committee is deeply indebted to the self-sacrificing work of its chairman of the Production and Stabilization Subcommittee, Senator J. Allen Frear. Besides the heavy schedule of that subcommittee, Senator Frear also conducted extensive hearings on bank holding company legislation.

Even while the full committee was holding hearings on its stock market study, the Production and Stabilization Subcommittee re-

ceived testimony on the report of the Rubber Producing Facilities Disposal Commission. This complex and controversial issue was studied at length by the subcommittee which reported its findings to the full committee. In addition, this subcommittee considered two special bills authorizing the disposal of the Baytown, Tex. (S. 691), and Institute, W. Va. (S. 2509), rubber plants, which were both passed and became law.

The subcommittee also held hearings and drafted legislation (S. 2391) for the extension of the Defense Production Act of 1950. Unfortunately, because of the delay by the administration in deciding whether or not to ask for standby controls, it was necessary to have a 1-month extension, and even then it was not possible to prevent a lapse in the law.

A number of changes were made in the Defense Production Act involving such problems as the exemptions from the antitrust laws for voluntary agreements and the w. o. c. employees (those drawn from industry who are paid by their companies rather than by the Government). While there was later dispute over some aspects of the provisions concerning w. o. c. employees, the rest of the provisions worked out by the subcommittee later became law with virtually no changes.

Housing Subcommittee

The Housing Subcommittee has been extremely active, being concerned with not only a heavy legislative schedule, but also a general study and investigation of housing matters. Fortunately, the subcommittee chairman, Senator John J. Sparkman, is endowed with a wealth of knowledge and experience in this area. It was he who guided through the subcommittee and the Senate the Housing Act of 1949. His abilities and comprehension of this extremely complex subject have been of great advantage to the committee.

The subcommittee held hearings and deliberations on a variety of bills and resolutions, in addition to extensive hearings and executive sessions on the broad features of the proposed Housing Amendments of 1955. The subcommittee's housing study and investigation has progressed, meanwhile, with roundtable discussions by the Nation's leading experts on various phases of housing policies, the investigation of specific complaints, and surveys of administrative operations, especially the underwriting procedures of the FHA.

The Housing Amendments of 1955 (S. 2126), which became Public Law 345, contained many provisions to improve the law from both policy and administrative standpoints. Probably its most important phases include:

1. The extension of the FHA home improvement loan insurance program.
2. An increase in the general insurance authorization of the FHA by $4 billion.
3. An increase in the annual number of public housing starts to 45,000 for 1 year and the removal of certain restrictions which impeded the program.
4. An increase of $500 million in the capital grant fund for slum clearance and urban renewal to be spread over a 2-year period.
5. The establishment of a public facility loan program authorizing loans to local public bodies to finance public projects with

priorities for water supply, and sewage facilities, and gas distribution projects in political subdivisions with less than 10,000 population.

6. An expansion and liberalization of the college housing program which would lower interest rates and also permit loans not only for dormitories but also for other revenue-producing facilities.

7. A new military housing program to be financed by FHA-insured loans but controlled by the Secretary of Defense.

In addition, the subcommittee held hearings and reported favorably on numerous other housing bills. These include extension and modification of the GI direct loan program and bills for the sale of several Government-owned housing projects.

Banking Subcommittee

Another extremely active subcommittee was the Banking Subcommittee. The chairman, Senator A. Willis Robertson, is widely recognized for his knowledge of banking matters. As a matter of fact, he holds the Senate seat formerly occupied by Senator Carter Glass, the father of the Federal Reserve System. Senator Robertson's interest and astuteness in the field of public policy affecting banks is in the best tradition of his illustrious predecessor.

The Banking Subcommittee conducted hearings and reported favorably on bills affecting national banks, Federal savings and loan associations, and bank holding companies. S. 256 would eliminate the requirement of cumulative voting for the election of national bank directors unless provided for in the articles of association of the bank. S. 1187 (notice of voluntary liquidation), S. 1188 (bank examinations), S. 1189 (20-year real estate and 9-month construction loans), and S. 1736 (qualifications of directors) were requested by the Treasury Department to bring the National Bank Act in line with modern banking practices. S. 972 would permit the Home Loan Bank Board to authorize branches to Federal savings and loan associations only in States where branches are authorized by State law for State savings and loan associations or mutual savings banks, or State banks. All of these bills were passed by the Senate, and S. 1187 and S. 1189 were enacted into law.

The most controversial bill considered by the subcommittee was the proposed bank holding company legislation. This matter has been before the committee during most of the past 17 years. The many divergent views on the subject made it extremely difficult to reach agreement on an acceptable bill. However, a compromise bill (S. 2577) was worked out which was satisfactory to a majority of the committee members. S. 2577 is now pending on the Senate Calendar and is expected to be considered by the Senate early next year.

Federal Reserve Subcommittee

The Federal Reserve Subcommittee, charged with responsibility for review of Federal Reserve matters, including monetary and credit policies, is chaired by Senator Paul H. Douglas. Senator Douglas is eminently qualified for this post, being one of the Nations' outstanding economists. A past president of the American Economics Association,

he possesses the necessary background for thorough understanding of such issues.

The subcommittee conducted hearings on the nomination of Charles Noah Shepardson to be a member of the Federal Reserve Board. It later held hearings on the bill S. 1427 providing for the repeal of the Silver Purchase Act, receiving the testimony of Government witnesses and others either favoring or offering no objection to the bill. Opponents of the measure will be heard when Congress returns in 1956.

Small Business Subcommittee

The chairman of the Small Business Subcommittee, Senator Wayne Morse, is recognized as having one of the best legal minds in the Nation and is one of the strongest advocates of free competitive enterprise bolstered by a vigorous small-business community. He conducted hearings on several bills affecting the Small Business Administration and the subcommittee ultimately approved S. 2127. This measure also passed the Senate, passed the House of Representatives with amendments, and was enacted into law. The new law extends the life of the Small Business Administration and makes many administrative and policy improvements in the program.

Currency and Coinage Subcommittee

The committee deeply appreciates the work done by the chairman of the Currency and Coinage Subcommittee, Senator A. S. Mike Monroney. Senator Monroney, winner of the Collier's award as outstanding Congressman before coming to the Senate, guided the consideration of S. 463, the Benjamin Franklin Medal; S. 1454, the bill providing for the inscription, "In God We Trust," on currency and coins; Senate Joint Resolution 66, the award medal for Dr. Jonas Salk; and H. R. 7244, the medals to commemorate the 120th anniversary of the Texas Declaration of Independence. All were enacted into law.

International Finance Subcommittee

The International Finance Subcommittee, of which I am chairman, held hearings and reported S. 1894, the bill to create the International Finance Corporation.

The idea of an International Finance Corporation to assist private investment in productive private enterprises through participation in their financing on a venture capital basis was first proposed by the United States International Development Advisory Board in 1951. Its principle was overwhelmingly approved by the General Assembly of the United Nations in 1954. This year it was recommended by the President and enacted into law. The IFC represents a definite step toward the implementation of the point IV program for the economic improvement of underdeveloped areas of the world.

I think the committee has accomplished a tremendous amount of work in its 7 months of operation this year, and the major credit for this should go to the subcommittee chairmen, who assumed responsibility for the main burden of the committee's tasks.

It is my belief that the splendid record of the committee during the 1st session of the 84th Congress will continue into the 2d session next year, and that the committee will continue to discharge its duties in a capable, efficient, and fair manner.

J. W. FULBRIGHT, *Chairman.*

AUGUST 3, 1955.

Bills reported by Senate Banking and Currency Committee, 84th Cong., 1st sess.

No.	Description	Senate Report No.	Final action
S. 256	Changes cumulative voting requirements of national banking associations.	240	Passed Senate.
S. 463	Benjamin Franklin Societies, medals	1063	Public Law 259.
S. 654	Extends Servicemen's Readjustment Act direct loan authority.	243	Public Law 88.
S. 691	Disposal of Baytown, Tex., rubber producing facility.	116	Public Law 19.
S. 755	Conveys war housing projects to cities of Warwick and Hampton, Va.	242	Public Law 80.
S. 972	Changes branch privileges of national savings and loan associations.	518	Passed Senate.
S. 1187	National banks, liquidation notices	398	Public Law 266.
S. 1188	National banks, waives certain examinations	400	Passed Senate.
S. 1189	National banks, liberalize real-estate and construction loan restrictions.	399	Public Law 343.
S. 1645	Extends FNMA mortgage purchase contracts	241	Passed Senate.
S. 1736	Changes in residence requirements of directors of national banking associations.	401	Do.
S. 1894	Creates International Finance Corporation	505	Public Law 350.
S. 2126	Housing Amendments of 1955	404	Public Law 345.
S. 2127	Extends and revises Small Business Act	405	Public Law 268.
S. 2351	Conveys war housing projects to city of Norfolk, Va.	1086	Public Law 284.
S. 2391	Extends and revises Defense Production Act	696	Public Law 295.
S. 2513	Conveys war housing project to Glastonbury, Conn.	1087	Passed Senate—Included in Public Law 345.
S. 2577	Regulation of bank holding companies	1095	No action.
H. R. 619	Inscription "In God We Trust" on currency and coins.	637	Public Law 140.
H. R. 5512	Conveys war housing projects to State of Louisiana	1088	Public Law 235.
H. R. 6980	Conveys war housing project to Boston (Mass.) Housing Authority.	1089	Public Law 217.
H. R. 7244	Texas Declaration of Independence Medals	(1)	Public Law 338.
S. J. Res. 42	Increases FHA mortgage insurance authority	33	Public Law 10.
S. J. Res. 85	Temporary extension of housing programs, Small Business Act, and Defense Production Act.	639	Public Law 119.
H. J. Res. 278	Medal for Dr. Jonas E. Salk	1235	Public Law 297.
S. Con. Res. 26	Continues operation of Texas tin smelters	215	Passed Senate and House.

[1] No written report.

SUMMARY OF ACTIVITIES

INTERNATIONAL FINANCE LEGISLATION

International Finance Corporation

[S. 1894]

[Public Law 350, approved August 11, 1955]

To provide for the participation of the United States in the International Finance Corporation

HISTORY OF LEGISLATION

In March 1951, the United States International Development Advisory Board proposed an international organization to assist private investment in productive private enterprises. The proposal, contained in the Board's report, Partners in Progress, envisaged the operation of such an agency on the basis of financing with venture capital. It was considered to be a concrete step toward the implementation of the point IV program.

The proposal was studied by the International Bank for Reconstruction and Development at the request of the Economic and Social Council of the United Nations. On December 11, 1954, the General Assembly of the United Nations, by a vote of 50 to 0, with 5 abstentions, requested the bank to take steps to bring the International Finance Corporation into being. On April 14, 1955, the bank transmitted the proposed Articles of Agreement to its members and recommended favorable consideration.

On May 2, 1955, the President transmitted a message to the Congress recommending the enactment of legislation to authorize United States participation in the International Finance Corporation. On May 4, 1955, Senator Fulbright, for himself and Senator Capehart, by request, introduced S. 1894, which was referred to the committee. Public hearings were held by the Subcommittee on International Finance on June 6 and 7, 1955, and the bill was favorably reported on June 10, 1955 (S. Rept. 505), with technical amendments. S. 1894 was passed by the Senate on June 21, 1955, and by the House of Representatives on August 1, 1955. It was approved by the President on August 11, 1955, and became Public Law 350.

DIGEST OF STATUTE

Section 2 of the act authorizes United States participation in the International Finance Corporation. Section 3 provides that the United States representatives on the International Bank for Reconstruction and Development shall be United States representatives on the International Finance Corporation. Specifically, these are the United States governor and his alternate, and the United States executive director and his alternate.

Section 4 makes the provisions of the Bretton Woods Agreements Act with respect to the International Bank applicable to the Corporation. In particular, these requirements are that the National Advisory Council for International Monetary and Financial Problems recommend general policy directives to the President for the guidance of United States representatives to the International Monetary Fund, the International Bank, and United States agencies making foreign loans or participating in foreign financial, exchange, or monetary transactions. In addition, the National Advisory Council is required to coordinate the policies and operations of these officials and agencies, and to make all decisions, under the general direction of the President, which the executive branch can make for the United States under the Articles of Agreement of the fund or the bank.

Section 5 requires the approval of the Congress for certain fundamental changes in or actions under the Articles of Agreement of the Corporation, such as the acceptance of amendments to the Articles of Agreement. Section 6 provides for use of Federal Reserve banks as depositories of funds of the Corporation. Section 7 provides for use of the borrowing authority of the United States for the payment of the United States contribution of $35,168,000.

Section 8 gives jurisdiction to the district courts of the United States in cases to which the Corporation is a party. Section 9 gives to the Corporation and its officers and employers certain privileges and immunities.

Organization and functions of IFC.—The International Finance Corporation is an affiliate of the International Bank for Reconstruction and Development. Only members of the bank are eligible for membership in the Corporation, and the governors and directors of the bank will be governors and directors of the Corporation. The Corporation will have an authorized capital of $100 million. The purpose of the Corporation is to further economic development by encouraging the growth of productive private enterprise, particularly in the less developed areas, by assisting in the financing of such enterprises. This may be done by the Corporation, in association with private investors, without government guaranties. The Corporation will also act as a clearinghouse for investment opportunities and help to create conditions conducive to the flow of private capital into productive investment in member countries. The Corporation is intended to provide venture capital for productive private enterprises but not to enter into management responsibilities.

BANKING LEGISLATION

Election of National Bank Directors

[S. 256]

To eliminate cumulative voting of shares of stock in the election of directors of national banking associations unless provided for in the articles of association

HISTORY OF BILL

S. 256 was introduced by Senator Robertson and Senator Bricker on January 10, 1955. A hearing was held on April 7, 1955, and the bill was reported by Senator Robertson, without amendment, on April 28, 1955 (S. Rept. 240). It passed the Senate on June 23, 1955.

DIGEST OF BILL

Cumulative voting permits a shareholder to concentrate all his votes for one or only a few directors rather than spreading out his votes over the entire slate. The National Bank Act was amended in 1933 to require that cumulative voting of shares of stock be permitted in the election of national bank directors. This bill would further amend the National Bank Act to permit cumulative voting of shares in the election of directors only in the event the articles of association of the individual bank provide for cumulative voting. Thus the bill would eliminate the present mandatory requirement and would permit each bank to authorize or deny cumulative voting in accordance with the desire of the majority of the shareholders of the bank.

Federal Savings and Loan Association Branches

[S. 972]

To amend the Home Owners' Loan Act of 1933

HISTORY OF BILL

S. 972 was introduced by Senator Frear and Senator Capehart on February 8, 1955. Hearings were held on May 31, 1955, and the bill was reported by Senator Frear, without amendment, on June 14, 1955 (S. Rept. 518). It passed the Senate on June 23, 1955.

DIGEST OF BILL

This bill, as passed by the Senate, provides that the Home Loan Bank Board may authorize branch privileges for Federal savings and loan associations only in States where branches are authorized by State law or custom for:

1. State savings and loan associations, or
2. Mutual savings banks, or
3. After June 14, 1957, State banks or trust companies.

Federal savings and loan associations would be permitted to continue the operation of branches that have been approved by the Board prior to the enactment of this legislation. The bill also provides that where a State savings and loan association is hereafter converted into or consolidated with a Federal savings and loan association, or if two or more Federal savings and loan associations are consolidated, such associations may retain and operate their branch offices. The establishment of branches across State lines would be expressly prohibited.

Voluntary Liquidation of National Banks

[S. 1187]

[Public Law 266, approved August 9, 1955]

To amend section 5221 of the Revised Statutes, relating to voluntary liquidation of national banks

HISTORY OF LEGISLATION

S. 1187 was introduced by Senator Fulbright (by request) on February 23, 1955. A hearing was held on May 2, 1955, and the bill was reported, without amendment, by Senator Robertson on

May 27, 1955 (S. Rept. 398). It was passed by the Senate on May 31, 1955.

The bill was reported in the House, without amendment, by Congressman Spence on July 21, 1955, and was passed by the House on July 30, 1955.

DIGEST OF STATUTE

This statute eliminated the requirement that a notice of voluntary liquidation by a national bank must be published in a New York City newspaper for a period of 2 months. The requirement that the notice must be published in a newspaper in the community where the national bank is located was retained. The statute also eliminated the obsolete reference to holders of circulating notes of national banks.

EXAMINATION OF NATIONAL BANKS

[S. 1188]

To amend section 5240 of the Revised Statutes, as amended, relating to the examination of national banks

HISTORY OF BILL

S. 1188 was introduced by Senator Fulbright (by request) on February 23, 1955. A hearing was held on May 2, 1955, and the bill was reported, without amendment, by Senator Robertson on May 27, 1955 (S. Rept. 400). It was passed by the Senate on May 31, 1955.

DIGEST OF BILL

Under the present law (R. S. 5240, 12 U. S. C. 881), the Comptroller of the Currency is required to examine every national bank at least twice in each calendar year. This bill would permit the Comptroller to waive one examination in a 2-year period. Thus the minimum number of examinations during a 2-year period would be 3 rather than 4 as under the present law.

The bill would also permit the Comptroller to make the assessment to cover the expense of a bank examination on any date he may select rather than on the date of the examination as provided in the existing law. Furthermore, the amount of the additional fee required for the examination of trust departments of national banks would be based on the actual cost to the Comptroller's Office of making the examination. The present requirement that this expense be assessed in proportion to the total assets and the total bonds or notes outstanding under corporate bond or note issue for which the bank is acting as trustee has proved to be impractical.

LENDING AUTHORITY OF NATIONAL BANKS

[S. 1189]

[Public Law 343, approved August 11, 1955]

To permit national banks to make 20-year real estate loans and 9-month construction loans

HISTORY OF LEGISLATION

S. 1189 was introduced by Senator Fulbright (by request) on February 23, 1955. A hearing was held on May 2, 1955, and the bill

was reported, with amendments, by Senator Robertson on May 27, 1955 (S. Rept. 399). It was passed by the Senate on May 31, 1955.

The bill was reported, with amendments, to the House by Congressman Spence on July 22, 1955, and was passed by the House on August 1, 1955. The Senate concurred in the House amendments on August 2, 1955.

DIGEST OF STATUTE

This statute authorizes national banks to make amortized residential real-estate loans in an amount not to exceed 66⅔ percent of the appraised value of the property and for a term not longer than 20 years. The maximum ratio of the loan to the appraised value of the property was increased from 60 percent to 66⅔ percent in the case of residential mortgage loans with 10-year maturities. The statute also increases the maximum permissible term of residential and farm construction loans from 6 to 9 months.

QUALIFICATION OF NATIONAL BANK DIRECTORS

[S. 1736]

To amend section 5146 of the Revised Statutes, as amended, relating to the qualifications of directors of national banking associations

HISTORY OF BILL

S. 1736 was introduced by Senator Fulbright (by request) on April 19, 1955. A hearing was held on May 2, 1955, and the bill was reported, with an amendment, by Senator Robertson on May 27, 1955 (S. Rept. 401). It was passed by the Senate on May 31, 1955.

DIGEST OF BILL

The present law (R. S. 5146, 12 U. S. C. 72) requires that at least three-fourths of the directors of a national bank must have resided in the State, Territory, or District in which the bank is located, or within 50 miles of the bank's office, for at least 1 year immediately preceding their election as directors. This bill would reduce the number of directors subject to the residence requirement from three-fourths to two-thirds and would increase the 50-mile limitation to a 100-mile limitation. Thus, under this bill at least two-thirds of the directors would be required to maintain a residence within the State or within 100 miles of the bank's office.

REGULATION OF BANK HOLDING COMPANIES

[S. 2577]

To define bank holding companies, control their future expansion, and require divestment of their nonbanking interests

HISTORY OF BILL

Attempts to secure passage of satisfactory bank holding company legislation have been made almost continuously since 1938. This year, more progress has been made than ever before.

The Subcommittee on Banking held public hearings July 5, 6, 7, 11, 12, and 14, 1955, on three bills to regulate bank holding companies:

H. R. 6227 as passed by the House (Congressman Spence, H. Rept. 609), S. 880 (Senators Capehart, Beall, Douglas, Fulbright, Payne, Sparkman and Frear), and S. 2350 (Senator Robertson). At the conclusion of the hearings, a compromise bill was approved by the subcommittee and was introduced as S. 2577 by Senators Robertson, Bricker, and Bennett on July 19, 1955. S. 2577 was reported, with an amendment, by Senator Robertson on July 25, 1955.

DIGEST OF BILL

This bill would provide for the regulation of the future expansion of bank holding companies and require such companies to divest their nonbanking interests. A bank holding company would be defined as any company:

1. Which owns 25 percent or more of the shares of two or more banks or a bank holding company; or
2. Which controls the election of the majority of directors of two or more banks; or
3. For the benefit of whose shareholders 25 percent or more of the shares of two or more banks or a bank holding company is held by trustees.

Exempted from the bill are:

1. Banks holding shares in a fiduciary capacity;
2. Companies registered under the Investment Company Act of 1940 prior to May 15, 1955, and their affiliates, unless they own 25 percent of the shares of two or more banks;
3. Underwriting companies;
4. Proxy solicitation companies;
5. Government-owned corporations;
6. Religious, charitable, and educational organizations; and
7. Partnerships.

The bill makes it unlawful for any company, without prior approval of the Federal Reserve Board, to become a bank holding company. Similar approval is required for a bank holding company to:

1. Acquire more than 5 percent of a bank's shares;
2. Acquire substantially all of a bank's assets; or
3. Merge or consolidate with another bank holding company.

No approval is required for acquisition of shares in a fiduciary capacity or in the course of collecting a debt or where the bank holding company already owns a majority of the shares. The Comptroller of the Currency, in the case of national banks, and the State supervisory agencies, in the case of State banks, may recommend that any acquisition be disapproved. However, the Federal Reserve Board after a hearing may override the recommendation.

The bill prohibits a bank holding company from acquiring any shares of any company which is not closely related to banking. It also provides that bank holding companies cannot retain ownership, for more than 2 years after the date of passage of the bill, of shares of a company which is not related to banking. Tax relief is afforded to shareholders of the bank holding company receiving distributions as the result of divestment. Expressly exempted from the divestment requirement are:

1. Shares of company which (i) holds or operates premises used by a subsidiary bank, (ii) conducts a safe deposit business, or

(iii) serves the holding company and its subsidiaries in auditing, appraising, investment counsel, or liquidating assets;

2. Shares acquired by bank holding company (bank) or its subsidiary bank, in satisfaction of debt contracted earlier;

3. Shares acquired from a subsidiary as result of disposal requested by a Federal or State examining authority;

4. Shares held as a fiduciary by a bank which is a bank holding company, or of kinds and amounts eligible for investment by national banks;

5. Shares owned by a bank holding company not in excess of 5 percent of outstanding voting securities of a company, and having a value not greater than 5 percent of total assets of the bank holding company;

6. Shares of financial, fiduciary, or insurance company which the Board determines are closely related to banking; and

7. Labor, agricultural, and horticultural organizations.

The bill prohibits the borrowing of subsidiary bank funds by a bank holding company or by another subsidiary in the bank holding company system. States are permitted to exercise their powers and jurisdiction over banks and bank holding companies to the extent that State action is more restrictive than this bill. The bill also provides for judicial review of the orders of the Federal Reserve Board and sets forth criminal penalties for violations of its provisions.

HOUSING LEGISLATION

Housing Amendments of 1955

[S. 2126]

[Public Law 345, approved August 11, 1955]

To extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes

HISTORY OF LEGISLATION

S. 2126 was a committee bill introduced by Senator Sparkman on June 1, 1955 (S. Rept. 404). S. 2126 was reported by the committee after consideration of the following bills: S. 200, S. 789, S. 1022, S. 1412, S. 1501, S. 1524, S. 1565, S. 1642, S. 1744, S. 1766, S. 1800, S. 2006, and S. 2045. Open hearings on this general housing legislation were held on May 10, 11, 12, 13, 16, 17, 18, 19, and 20, 1955, and testimony, statements, or reports were received from many Federal agencies and private individuals and organizations.

S. 2126 passed the Senate, with amendments, on June 7, 1955, and was referred to the House of Representatives. The Banking and Currency Committee of the House of Representatives considered the bill, amended it in certain respects, and reported the bill to the House on June 25, 1955 (H. Rept. 913).

S. 2126, as reported by the House Banking and Currency Committee, was considered in the House on July 29, 1955, was amended in several respects, and was passed with amendments. The bill then became the subject of a conference between the Senate and the House of Representatives. The report of the conferees (H. Rept. 1622) was approved by the Senate on August 1, 1955; and by the

House of Representatives on August 2, 1955. The bill was approved by the President on August 11, 1955, becoming Public Law 345.

DIGEST OF STATUTE

Title I—General Housing Amendments

Extension of FHA home improvement loan insurance program.—Section 2 of the National Housing Act was amended to extend the FHA home repair, modernization, and improvement loan insurance program from August 1, 1955, to September 30, 1956.

Settlement of insurance claims.—Sections 204 (f) and 604 (f) of the National Housing Act were amended to authorize FHA to make final settlement of certificates of claim held by mortgagees and refunds to mortgagors at any time after the sale or transfer of title by the FHA on sales housing acquired by FHA in cases of defaulted mortgages.

Insurance of loans on mobile home courts or parks.—Amends section 207 of the National Housing Act to enable the FHA to insure mortgages on mobile home courts or parks. Such mortgages may not exceed $1,000 per mobile home space or $300,000 per mortgage.

Security for insured multifamily mortgages.—Sections 207 and 213 of the National Housing Act were amended to specifically authorize the FHA to insure mortgages secured by multifamily properties having eight or more family units.

Mortgage limitation on FHA multifamily projects.—Sections 207, 213, 221, and 220 of the National Housing Act were amended to increase the maximum mortgage limitation under these sections from $5 million to $12.5 million.

Basis for determining mortgage amount under section 213.—Section 213 of the National Housing Act, relating to the cooperative housing program, was amended to require that the insurable mortgage amount must be determined on the basis of the "estimated replacement cost" of the property instead of on the basis of "estimated value."

Increase of FHA mortgage insurance authorization.—Section 217 of the National Housing Act was amended to increase the general insurance authorization of the FHA to the aggregate amount of insurance liability and commitments outstanding as of July 1, 1955, plus $4 billion.

Basis for determining mortgage amount under section 220.—Section 220 of the National Housing Act, relating to the insurance of mortgages on housing in slum clearance or urban renewal areas, was amended to provide that the insurable mortgage amount on new projects must be determined on the basis of the "estimated replacement cost" of the project instead of on the basis of the "estimated value" of the project.

Special assistant for cooperative housing program.—Requires the Commissioner of the Federal Housing Administration to appoint a special assistant for cooperative housing, and to provide the special assistant with an adequate staff, whose sole responsibility will be to expedite the cooperative housing program.

Cost certification under section 221.—Section 227 of the National Housing Act was amended to remove a requirement that cost certifications shall be provided by builders of single-family homes to secure mortgages insured under section 221 of that act.

Eligibility for housing insured under section 221.—Section 221 of the National Housing Act was amended to permit the housing insured

under that section to be available for families moving out of an urban renewal area even though such families are not required by governmental action to leave the area.

Purchase of Government-owned housing by cooperative groups.—Section 223 of the National Housing Act was amended to permit cooperative groups to finance the purchase of housing owned by the Government with the assistance of mortgages insured under section 213 of the National Housing Act.

FNMA advance commitments for cooperative housing mortgages.—Section 305 of the National Housing Act was amended to authorize the Federal National Mortgage Association to make advance commitments to purchase mortgages on cooperative housing insured under section 213 of the National Housing Act. The Association is limited to commitments which do not exceed $50 million outstanding at any one time, and not more than $5 million of the authorization can be available for advance commitments relating to housing in any one State.

Termination of defense housing program.—Section 104 of the Defense Housing and Community Facilities and Services Act of 1951 was amended to terminate the defense housing mortgage insurance program of the FHA on August 1, 1955. The FHA would be permitted to insure housing pursuant to commitments issued by the agency before August 1, 1955.

Slum clearance and urban renewal.—The Housing Act of 1949 was amended in the following respects:

1. The capital grant fund for slum clearance and urban renewal was increased by $200 million to be made available on July 1, 1955, by $200 million to be made available on July 1, 1956, and by $100 million to be made available at the discretion of the President.

2. Increased from $35 million to $70 million the amount of capital grant funds which may be used to allocate to States which have received more than two-thirds of the maximum amounts permitted for a single State in the Housing Act of 1949.

3. Authorizes loans and advances under the slum-clearance and urban-renewal program to assist in the redevelopment of either predominantly open land or open land, for industrial or other nonresidential uses. Loans and advances for this purpose may not exceed 2½ percent of the estimated gross project cost of all the other urban renewal or redevelopment projects undertaken by a locality receiving assistance under this authority.

4. Enables the Territories to participate in the slum-clearance and urban-renewal program.

Low-rent public housing.—Amends the Housing Act of 1949, as amended, the United States Housing Act of 1937, as amended, and the Lanham Act of 1940, as amended, in the following respects:

1. Removes the requirement that a community must have a workable program for the prevention and elimination of slums and blight in the locality before it can receive a contract for annual contributions for a low-rent public housing project.

2. Increases the number of public housing units for which new contracts for loans and annual contributions may be made, from an annual rate of 35,000 to an annual rate of 45,000. This additional authorization expires on July 31, 1956.

3. Removes a requirement that new contracts for loans and annual contributions must be conditioned by the existence of a slum clearance or urban renewal project in the community and that the number of low-rent units may not exceed the number of families being relocated by governmental action.

4. Enables the sale of a war housing project, known as Welles Village, to the housing authority of Glastonbury, Conn., at a fair market price.

5. Authorizes the Housing and Home Finance Agency to acquire by condemnation a fee title to certain lands in Richmond, Calif., in which the agency now holds a less than fee simple interest for use in the war housing and veteran housing programs. The agency is also authorized to sell such land at a fair market price to the city or a local redevelopment agency with a down-payment of one-third of the sales price and payment of the balance at a 4 percent interest rate.

Federal Home Loan Bank Board.—The Federal Home Loan Bank Act, the National Housing Act, and the Home Owners Loan Act of 1933 were amended in the following respects:

1. Enables the Home Loan Bank Board to remove an institution from membership in the system, if the institution is insolvent or if the character of its management or policies is inconsistent with sound and economical home financing.

2. Forbids a Federal savings and loan association from voluntarily withdrawing its membership in the Home Loan Bank system.

3. Permits the Home Loan Bank Board, in any district in which there are more than four States, to increase the directorate of the home-loan bank in that area so that there may be as many as, but not more than, twice as many elective directors as there are States. Also provides that there shall be not less than 1 elective director from any State nor more than 3 elective directors from any State in any such district, and in no event shall the total number of elective directors in any 1 district exceed 11.

4. Removes the Home Loan Bank Board, including the Federal Savings and Loan Insurance Corporation, from the Housing and Home Finance Agency; and establishes the Board as a separate independent agency. The name of the Board is changed to the Federal Home Loan Bank Board.

5. Makes a correction in existing law to remove the specific dollar limitation applied to the amount of an FHA-insured or VA-guaranteed loan made by a Federal savings and loan association.

6. Provides that institutions applying for insurance by the Federal Savings and Loan Insurance Corporation shall pay an admission fee as determined by the FSLIC, taking into consideration the cost of processing the applications.

Community Facilities Administration.—Amends the Housing Act of 1954, relating to the third public works advance planning program, in the following respects:

1. Authorizes the HHFA to establish a revolving fund for the making of planning advances to municipalities and other public agencies. The revolving fund would consist of the $10 million authorized to be appropriated in the Housing Act of 1954, and

an authorization of appropriations for $12 million on or after July 1, 1956, $12 million on or after July 1, 1957, $14 million on or after July 1, 1958, and such additional appropriations from year to year thereafter as may be necessary to maintain a total of $48 million in outstanding advances.

2. Changes from 5 percent to 10 percent the limit of planning advances which may be made in any one State.

3. Removes the July 1, 1957, expiration date for this program.

4. Provides that the recipient of planning advances must repay only proportionate amounts of those advances when only a portion of the contemplated construction is actually undertaken.

5. Increases the salary of the Community Facilities Commissioner of the Housing and Home Finance Agency to the same level as that of the heads of the other constituent agencies of the HHFA.

Title II—Public Facility Loans

Public facility loans.—Establishes a public facility loan program under the Community Facilities Administration of the Housing and Home Finance Agency and authorizes loans to States, municipalities, and other local public bodies to finance specific public projects. Priority shall be given to the construction of basic public works (including works for the storage, treatment, purification, or distribution of water; sewage, sewage treatment, and sewer facilities; and gas distribution systems) for which there is an urgent and vital public need. Priority is also given to incorporated or unincorporated towns, or other political subdivisions of a State, which had a population of less than 10,000 inhabitants at the time of the last Federal census. The HHFA is authorized to borrow funds for this program from the Treasury in an amount not exceeding $100 million. Funds so borrowed shall constitute a revolving fund for use in making public-facility loans.

Title III—College Housing

College housing.—Title IV of the Housing Act of 1950 is amended in the following respects:

1. Expands the purposes for which loans may be made to include, in addition to dormitories and residences, other revenue-producing facilities such as cafeterias, dining halls, student centers, infirmaries, and other essential service facilities.

2. Amends the provision of the law denying Federal loans if private loans are available on terms and conditions comparable to the terms and conditions of the Federal loan. The new law provides, instead, that Federal loans may be made unless such private loans are available on terms and conditions equally as favorable as those of the Federal loan. Formerly, the word "comparable" was interpreted to mean that a Federal loan should be denied if private loans were available at interest rates up to one-fourth of 1 percent above the Federal interest rate.

3. Reduces the interest rate to colleges from the 3¼ percent previously charged to 2¾ percent, or one-fourth of 1 percent above the average annual interest rate on all interest-bearing obligations of the United States, whichever is higher.

4. Increases the total ceiling of loans under this program from $300 million to $500 million, and provides that no more than

$100 million may be loaned for purposes other than dormitories or residences.

5. Redefines the term "educational institution," for purposes of determining eligibility for loans, to specifically include junior colleges and nonprofit corporations established by a college for the sole purpose of providing housing or other educational facilities for the students or faculty.

Title IV—Armed Services Housing Mortgage Insurance

Military housing.—Amends title VIII of the National Housing Act in the following major respects:

1. Extends the military housing program until September 30, 1956.

2. Establishes an insurance authorization of $1,363,500,000 for the insurance of military housing mortgages.

3. Provides that insurance will be available upon a determination of housing need by the Secretary of Defense, and that if the Federal Housing Commissioner does not concur in the Secretary's determination, the Secretary is required to guarantee the insurance fund against loss on the mortgage in question.

4. Provides that the amount of any insured mortgage may not exceed the FHA estimate of replacement cost, an average of $13,500 per family unit, and the lowest acceptable bid submitted by a qualified builder.

5. The mortgage must mature in not more than 25 years and must bear interest at not more than 4 percent.

6. The Federal National Mortgage Association is authorized to make advance commitments to purchase military housing mortgages in an amount not to exceed $200 million outstanding at any one time.

7. The Secretary of Defense is authorized to enter into contracts with eligible builders for the construction of housing to secure mortgages insured under this title. These contracts will be entered into after competitive bidding in accordance with the Armed Services Procurement Act of 1947. After completion of construction, the housing will be placed under the control of the Secretary of Defense, and the capital stock of the owning corporation will be transferred without cost to the Secretary of Defense.

8. Authorizes the Secretary of Defense to acquire unimproved land and, with FHA approval, existing housing insured under title VIII of the National Housing Act, through purchase, donation, or condemnation proceedings.

9. Authorizes the Secretary of Defense to maintain and operate military housing, to assign quarters in such housing to military and civilian personnel, and to use quarters allowances of military personnel and rental payments of civilian personnel to retire the mortgage on the military housing.

10. Provides that the provisions of title VIII of the National Housing Act, prior to the changes made by the Housing Amendments of 1955, shall remain available with respect to military housing projects certified by the Secretary of Defense prior to July 1, 1955, or certified by the Atomic Energy Commission prior to July 1, 1956.

Title V—Farm Housing

Farm housing.—Amends title V of the Housing Act of 1949, relating to farm housing, to provide additional authorization for the farm housing program to be available on or after July 1, 1955, in the amount of $100 million for loan funds, $2 million for contributions for housing on potentially adequate farms, and $10 million for loans and grants for improvement and repair of farm dwellings and other buildings and loans for the enlargement and development of farms.

VA Direct Loans to Veterans

[S. 654]

[Public Law 88, approved June 21, 1955]

To extend the direct loan authority of the Administrator of Veterans' Affairs under title III of the Servicemen's Readjustment Act of 1944, as amended, to correspond to the expiration dates provided for guaranteed loans under such title, and for other purposes

HISTORY OF LEGISLATION

S. 654 was introduced by Senator Sparkman on January 21, 1955, to extend the authority of the Veterans' Administration to make direct loans, to authorize the Administrator to make additional types of direct loans, and for other purposes. The committee held open hearings on this bill on April 20, 1955, and after consideration of the bill reported it to the Senate on April 28, 1955 (S. Rept. 243).

On April 26, 1955, the Veterans' Affairs Committee of the House of Representatives reported H. R. 5715 (H. Rept. 447) which was similar to S. 654. On May 5, 1955, the Senate passed S. 654, and the bill was referred to the House.

On June 2, 1955, the House passed S. 654, with amendments. The Senate concurred in the House amendments, with amendments, on June 7, 1955. The amendments of the Senate were agreed to by the House on June 8, 1955, and the bill was approved by the President on June 21, 1955, becoming Public Law 88.

DIGEST OF LEGISLATION

Under law in effect prior to the passage of this bill, VA direct loans were authorized only for the purpose of purchasing or constructing a dwelling or constructing or improving a farmhouse. This act authorizes VA direct loans for the following purposes:

1. Purchasing or constructing a dwelling;
2. Purchasing a farm on which there is located a farm residence;
3. Constructing a farmhouse on land owned by the veteran; and
4. Repairing, altering, or improving a farmhouse or other dwelling owned by a veteran.

This act makes further changes in the Servicemen's Readjustment Act of 1954, as follows:

1. Authorizes the repayment of direct loans on farmhouses on a monthly, quarterly, semiannual, or annual basis in the discretion of the Veterans' Administration.

2. Extends the direct loan program for 2 years until June 30, 1957, and provides an additional $150 million in direct loan funds on the basis of $37.5 million per quarter for the next 2 years.

3. Adds a formula for computing the entitlement of a veteran whereby veterans who have used part but not all of their benefit under the loan-guaranty program can receive the benefit of the direct-loan program to the extent of the unused portion of the guaranty benefit. For example, if a veteran has used only one-half of his guaranty entitlement, he would be eligible for up to one-half of the direct-loan entitlement.

CONVEYANCE OF WAR HOUSING PROJECTS AT WARWICK, VA., AND HAMPTON, VA.

[S. 755]

[Public Law 80, approved June 16, 1955]

To authorize the conveyance of certain war housing projects to the city of Warwick, Va., and the city of Hampton, Va.

HISTORY OF LEGISLATION

S. 755 was introduced on January 27, 1955, by Senator Robertson, to convey war housing projects VA–44061 and VA–44067 to the cities of Warwick, Va., or Hampton, Va., or to local public bodies of those cities. Open hearings on this bill were held on April 20, 1955, and after consideration of the bill, it was reported to the Senate on April 28, 1955 (S. Rept. 242).

The Senate passed the bill on May 5, 1955, and it was referred to the House of Representatives. The bill was reported to the House on May 26, 1955 (H. Rept. 664), and was passed in the House on June 7, 1955. The bill was approved by the President on June 16, 1955, becoming Public Law 80.

DIGEST OF LEGISLATION

This act authorizes the Housing and Home Finance Administrator to sell at a fair market value the subject war housing projects to the cities of Warwick, Va., or Hampton, Va., or to local public bodies of those cities. The sales must be made within 6 months after the date of enactment, may be made on such terms and conditions as the Administrator shall determine, and the amount received for each project shall be reported to the Banking and Currency Committees of the Senate and the House of Representatives.

CONVEYANCE OF WAR HOUSING PROJECTS AT NORFOLK, VA.

[S. 2351]

[Public Law 284, approved August 9, 1955]

To authorize the conveyance of certain war housing projects to the city of Norfolk, Va.

HISTORY OF LEGISLATION

S. 2351 was introduced on June 28, 1955, by Senator Robertson, to authorize the conveyance of war housing projects VA–44075 and VA–44184 to the city of Norfolk, Va., or to a local public agency of the

city. After consideration of the bill, it was reported to the Senate on July 21, 1955 (S. Rept. 1086).

S. 2351 was passed by the Senate on July 25, 1955, and was referred to the House of Representatives. The Banking and Currency Committee of the House had reported a companion bill (H. R. 7073) on July 21, 1955 (H. Rept. 1341); but on July 30, 1955, the House of Representatives passed S. 2351 in lieu of H. R. 7073. The bill was approved by the President on August 9, 1955, becoming Public Law 284.

DIGEST OF LEGISLATION

This act authorizes the Housing and Home Finance Administrator to sell at a fair market value war housing projects VA–44075 and VA–44184 to the city of Norfolk, Va., or to a local public agency of the city. The sale must be consummated within 6 months after the date of enactment, shall be on such terms and conditions as the Administrator shall determine, and the amount received for each project shall be reported to the Committees on Banking and Currency of the Senate and the House of Representatives.

CONVEYANCE OF WAR HOUSING PROJECTS TO THE STATE OF LOUISIANA

[H. R. 5512]

[Public Law 235, approved August 4, 1955]

To provide for the conveyance of certain property under the jurisdiction of the Housing and Home Finance Administrator to the State of Louisiana

HISTORY OF LEGISLATION

H. R. 5512 was introduced by Representative Long on April 13, 1955. After consideration of the bill, it was reported by the House Banking and Currency Committee on May 26, 1955 (H. Rept. 633), passed by the House on June 7, 1955, and referred to the Senate. The Banking and Currency Committee of the Senate reported the bill on July 21, 1955 (S. Rept. 1088). The bill was passed in the Senate, with amendments, on July 25, 1955. The House of Representatives agreed to the Senate amendments on July 26, 1955, and the bill was approved by the President on August 4, 1955, becoming Public Law 235.

DIGEST OF LEGISLATION

This act authorizes the Housing and Home Finance Administrator to convey to the State of Louisiana war housing projects LA–16011 and LA–16012. The conveyance must be made within 6 months after the date of enactment for a total consideration of $300,000, to be paid by the State of Louisiana in three equal annual installments.

Conveyance of War Housing to the Boston Housing Authority

[H. R. 6980]

[Public Law 217, approved August 3, 1955]

Providing for the conveyance of the Old Colony project to the Boston Housing Authority

HISTORY OF LEGISLATION

H. R. 6980 was introduced on June 22, 1955, by Representative McCormack. The bill was passed by the House of Representatives on June 28, 1955, and referred to the Senate. The Senate Banking and Currency Committee reported the bill on July 21, 1955 (S. Rept. 1089), and it was passed in the Senate with amendments on July 25, 1955. The House agreed to the Senate amendments on July 25, 1955, and the bill was approved by the President on August 3, 1955, becoming Public Law 217.

DIGEST OF LEGISLATION

This act authorizes the Housing and Home Finance Administrator to convey war housing project MASS-19051 to the Boston, Mass., Housing Authority at a fair market value. The sale must be made within 6 months after enactment unless such time is extended by the Administrator, and full payment must be made within 30 years at interest on the unpaid balance of the sales price not to exceed 5 percent per annum. The amount received for the project shall be reported by the Administrator to the Banking and Currency Committees of the Senate and the House of Representatives.

Increase in FHA Mortgage Insurance Authorization

[S. J. Res. 42]

[Public Law 10, approved March 11, 1955]

To amend the National Housing Act, as amended

HISTORY OF LEGISLATION

Senate Joint Resolution 42 was introduced by Senator Sparkman on February 11, 1955. Hearings on the resolution were held on February 14, 1955, and after consideration of the resolution it was reported to the Senate on February 15, 1955 (S. Rept. 33). The resolution was passed in the Senate on Feburary 25, 1955, and referred to the House of Representatives.

The House had reported a companion resolution (H. J. Res. 202) on February 22, 1955 (H. Rept. 66); but passed Senate Joint Resolution 42 in lieu of House Joint Resolution 202 on March 2, 1955. The resolution was approved by the President on March 11, 1955, becoming Public Law 10.

DIGEST OF LEGISLATION

This resolution increased the general mortgage insurance authorization of the Federal Housing Administration by $1.5 billion and enabled the FHA to continue mortgage insurance operations for the remainder of fiscal year 1955.

Extension of Purchase Contracts of the Federal National Mortgage Association

[S. 1645]

To permit certain holders of mortgage purchase contracts with the Federal National Mortgage Association to exercise their rights under such contracts for additional periods of not to exceed 90 days

HISTORY OF BILL

S. 1645 was introduced by Senator Magnuson on April 1, 1955, to extend certain mortgage purchase contracts of the Federal National Mortgage Association. Hearings on the bill were held on April 20, 1955, and, after consideration, it was reported to the Senate on April 28, 1955 (S. Rept. 241).

The bill passed the Senate on May 13, 1955, and was referred to the House of Representatives.

DIGEST OF BILL

The Housing Amendments of 1953 established a program under which a certain quantity of mortgages was bought from the Federal National Mortgage Association in the expectation that an equal quantity could be sold to the Federal National Mortgage Association. This program was known as the 1-for-1 advance purchase contract program of the FNMA. The contracts issued under this program required that mortgages must be delivered for purchase by FNMA by specified dates. This bill would extend these purchase dates, with respect to mortgages secured by properties which were the subjects of FHA insurance commitments or VA certificates of reasonable value dated prior to March 1, 1955, for 6 months after the date of enactment of the bill.

PRODUCTION AND STABILIZATION LEGISLATION

Defense Production Act Amendments of 1955

[S. 2391]

[Public Law 295, approved August 9, 1955]

To amend the Defense Production Act of 1950, as amended

HISTORY OF BILL

On June 7, 1955, Senator Frear introduced S. 2163, to extend the Defense Production Act for 2 years. On the same date Senator Capehart, by request, introduced S. 2165. This contained the same time extensions, but, in addition, contained provisions which (1) amended the declaration of policy of the act to emphasize the preparations for future emergencies, (2) authorized the development of substitutes for strategic and critical materials, (3) authorized the exemption from the antitrust laws of voluntary agreements for 20 years beyond the expiration of the act, and (4) authorized the creation and training of an executive reserve for employment by the Government in a time of full mobilization.

Public hearings on these bills were held by the Subcommittee on Production and Stabilization on June 20, 21, and 27, 1955. On June

30, 1955, the committee bill, S. 2391, was reported to the Senate by the committee.

S. 2391 contained provisions which—

1. Amended the declaration of policy of the act;
2. Authorized the development of substitute materials;
3. Amended the provisions concerning the allocation of materials in the civilian market;
4. Required the Office of Defense Mobilization to investigate the share of procurement going to small business and to report on any steps which might be taken to increase this share;
5. Restricted the authority to exempt voluntary agreements from the antitrust laws in particular by ending the authority to approve new nonmilitary voluntary agreements;
6. Restricted the use of w. o. c. employees in particular by providing that they could not serve as division directors (w. o. c., or without compensation, employees are those drawn from industry who are paid by their companies rather than by the Government. They are exempt from certain of the conflict of interest statutes);
7. Increased the ceiling in expenditures of the Joint Committee on Defense Production; and
8. Extended the termination dates of the act 2 years.

S. 2391 was debated in the Senate on July 19, 1955, and was passed, with two amendments. One amendment, offered by Senator Capehart, permitted w. o. c. employees to serve as division directors but provided that they could not decide policy matters, being permitted only to advise the full-time salaried officials responsible for such decisions. The other amendment authorized the sale of the synthetic rubber plant at Institute, W. Va. (See p. 29.)

On July 30, 1955, S. 2391 was passed by the House of Representatives, with amendments, and a conference was held. The bill as agreed to by the conferees included all the provisions of the Senate bill, except that it did not extend the termination date for the contracting authority, and it extended the Defense Production Act to June 30, 1956 (instead of 1957). In addition to relatively minor changes in the provisions covering voluntary agreements and w. o. c. employees, the bill also added to the provisions concerning w. o. c. employees a requirement that they must file with the Joint Committee on Defense Production a statement of their income and assets and liabilities, which would have to be brought up to date each 3 months.

When the conference report was brought up in the Senate on August 1, 1955, the report, on a motion by Senator Capehart, was recommitted, with instructions to delete the paragraph affecting w. o. c.'s by a vote of 36 to 34. The conferees met again, and agreed to amend the provision by requiring the filing of certain information with the Division of the Federal Register for publication in the Federal Register of the w. o. c. employee's name, Government position, private employer, and a list of the corporations in which he held any securities or of which he was an officer or director, and any partnerships in which he was a partner, with supplemental reports each 6 months.

As so revised, S. 2391 was passed by the Senate and the House of Representatives on August 2, 1955. It was approved by the President on August 9, 1955, and became Public Law 295.

DIGEST OF STATUTE

As enacted, the new Defense Production Act contains the following main provisions:

(1) Amends the declaration of policy to emphasize the preparations for future emergencies.

(2) Authorizes the development of substitutes for strategic and critical materials.

(3) Amends the provisions concerning the allocation of materials in the civilian market.

(4) Requires the Office of Defense Mobilization to investigate the share of procurement going to small business and to report on any steps which might be taken to increase this share.

(5) Restricts the authority to exempt voluntary agreements from the antitrust laws, in particular by ending the authority to approve new nonmilitary voluntary agreements.

(6) Provides that w. o. c. employees shall file information concerning their financial interests (but not the extent of such interests) with the Division of the Federal Register for publication in the Federal Register of the w. o. c. employee's name, Government position, private employer, a list of corporations in which he held any securities or of which he was an officer or director, and any partnerships in which he was a partner, with supplemental reports each 6 months.

(7) Increases the ceiling in expenditures of the Joint Committee on Defense Production.

(8) Extends the termination date of the act to June 30, 1956.

Disapproval of Proposed Sale of Government-Owned Rubber-Producing Facilities

[S. Res. 76, S. Res. 78, S. Res. 79]

Disapproving the sale of rubber-producing facilities

HISTORY OF THE RESOLUTIONS

The Rubber Producing Facilities Disposal Act of 1953 provided that when proposed contracts of sale of the facilities had been entered into by the Rubber Producing Facilities Disposal Commission, a report on such proposed sales should be made to the Congress, and that any or all of such proposed sales might be rejected by either House of the Congress by passage of a resolution within 60 days after the filing of the report.

In accordance with this provision, a report was filed by the Commission on January 24, 1955, setting forth the terms of the proposed sales of 24 of the 27 Government-owned synthetic-rubber-producing facilities (no bids were received for the copolymer plant at Institute, W. Va.; an unsatisfactory bid for the copolymer plant at Baytown, Tex., was rejected by the Commission; the alcohol butadiene plant at Louisville, Ky., was leased by the Government, as provided in the act).

On March 8, 9, 10, and 11, 1955, hearings were held on the sales proposed in this report (as well as on S. 691, a bill providing for sale of the plant at Baytown, Tex.).

On March 15, 1955, Senate Resolution 76, disapproving the sale of all 24 facilities covered by the report, was introduced by Senator Morse and referred to the committee.

On March 16, 1955, Senate Resolution 78 was introduced by Senator Thye and Senate Resolution 79 was introduced by Senator Humphrey. These resolutions, which were also referred to the committee, would have disapproved the sale to a single concern of three California plants (Plancors 611, 929, and 963), producing copolymer, styrene, and butadiene, respectively.

The committee considered these resolutions in executive session, and on March 22, 1955, reported adversely on Senate Resolution 76 (S. Rept. 117) and on Senate Resolution 78 and Senate Resolution 79 (S. Rept. 118).

On March 23, 1955, the Senate considered these resolutions, and rejected all three.

Disposal of Synthetic Rubber Plant at Baytown, Tex.

[S. 691]

[Public Law 19, approved March 31, 1955]

To amend the Rubber Producing Facilities Disposal Act of 1953, so as to permit the disposal thereunder of Plancor No. 877 at Baytown, Tex.

HISTORY OF THE BILL

On January 24, 1955, Senator Daniel, for himself and Senator Johnson, introduced S. 691, a bill to amend the Rubber Producing Facilities Disposal Act of 1953 so as to permit the disposal of the synthetic rubber (copolymer) producing facility at Baytown, Tex. (Plancor 877). Under that act, as no bid acceptable to the Rubber Producing Facilities Disposal Commission had been received for the plant, it would be placed in standby condition for 3 years.

The bill was referred to the committee, and public hearings were held on March 8, 9, 10, and 11 by the Subcommittee on Production and Stabilization. On March 22, 1955, the bill was reported (S. Rept. 116) to the Senate, with amendments, designed primarily to provide for disposal on the same basis as the disposals of other plants under the Rubber Producing Facilities Disposal Act of 1953, and on March 23, 1955, it was passed by the Senate. On March 24, 1955, it was passed by the House of Representatives and was approved by the President on March 31, 1955, as Public Law 19, 84th Congress.

DIGEST OF STATUTE

As enacted, the statute provided for sale by the Rubber Producing Facilities Disposal Commission, after public notice, and with the advice of the Attorney General as to whether a proposed sale would violate the antitrust laws. The bill called for a report to the Congress with a 30-day period during which the proposed sale was subject to disapproval by either House of the Congress. A national security clause was required, assuring for 10 years the prompt availability of the facility, or equal capacity for the production of synthetic rubber. The bill also authorized the sale or lease of 448 tank cars, with the advice of the Attorney General as to the antitrust implications of the sale, and with a national security clause.

The report to the Congress required under the act was submitted on June 10, 1955, and was studied by the committee. No resolution proposing disapproval was introduced.

Disposal of Synthetic Rubber Plant at Institute, W. Va.

[S. 2509 and H. R. 7301]

[Public Law 336, approved August 9, 1955]

To amend the Rubber Producing Facilities Disposal Act of 1953, as heretofore amended, so as to permit the disposal thereunder of Plancor No. 980 at Institute, W. Va.

HISTORY OF THE BILL

S. 2242 and S. 2263, introduced by Senator Kilgore on June 15 and 16, 1955, were referred to the committee. These bills would have authorized the disposal of the synthetic rubber plant at Institute, W. Va., for purposes other than the production of synthetic rubber. On July 13, 1955, a similar bill, S. 2509, was introduced by Senator Kilgore and was also referred to the committee.

The interested agencies submitted favorable reports on S. 2509. The substance of S. 2509 was added to the Defense Production Act Amendments of 1955 by the Kilgore amendment to S. 2391. H. R. 7301, a bill similar to S. 2509, was passed by the House of Representatives, and was passed by the Senate after amendment to extend the time for submitting bids and for negotiation, in view of the length of time available before the next session of Congress when the report of disposal would be submitted for congressional review.

The House of Representatives accepted these amendments. The bill was passed, and approved by the President on August 9, 1955, as Public Law 336, 84th Congress.

DIGEST OF STATUTE

The statute provides for disposal of the Institute plant, but only for synthetic rubber production, and it contains the requirement of the earlier disposals for a national security clause, assuring availability for 10 years of the same or equal facilities for synthetic rubber production. The act provides for sale by the Rubber Producing Facilities Disposal Commission, after public notice, with the advice of the Attorney General as to whether a proposed sale would violate the antitrust laws, and subject to disapproval by either House of Congress following submission of a report on the proposed sale by the Commission.

Tin Smelter at Texas City, Tex.

[S. Con. Res. 26]

Providing for the continued operation of the Government tin smelters at Texas City, Tex.

HISTORY OF THE RESOLUTION

Under Public Law 125, 80th Congress (50 U. S. C. 98, note), the Government is authorized to operate the Government-owned tin smelter at Texas City, Tex., until June 30, 1956. The Congress was advised, however, that the Government planned to discontinue operations after June 30, 1955.

Since it was considered essential to the security of the Nation to continue the operations of the tin smelter, the only signficant smelter in the Western Hemisphere, Senator Symington, from the Committee on Armed Services and the Committee on Banking and Currency, acting jointly, on April 21, 1955, reported Senate Concurrent Resolution 26 (S. Rept. 215). This resolution expressed the sense of the Congress that the tin smelter should be operated until June 30, 1956, and requested that the President undertake a study of the most feasible methods of maintaining a permanent domestic tin-smelting industry in the United States, and to report to the Congress before March 31, 1956, the findings of the study and his recommendations with respect to the future operations of the tin smelter.

The resolution was passed by the Senate on April 25, 1955, and by the House of Representatives on June 7, 1955.

FEDERAL RESERVE LEGISLATION

Silver Purchase Program

[S. 1427]

To repeal certain legislation relating to the purchase of silver, and for other purposes

HISTORY OF BILL

S. 1427 was introduced on March 14, 1955, by Senator Green, for himself and Senators Bush, Douglas, Kennedy, Pastore, Purtell, and Saltonstall. On March 28, the bill was referred to the Subcommittee on Federal Reserve.

DIGEST OF BILL

This bill is identical with S. 2555 introduced on August 1, 1953, in the 1st session of the 83d Congress by Senator Bush, for himself and Senators Douglas, Green, Kennedy, Pastore, Purtell, and Saltonstall. S. 2555 was referred to the committee's Subcommittee on Currency and Coinage on January 11, 1954. No further subcommittee or committee action was taken on the bill other than soliciting the views of interested executive agencies on the proposed legislation.

Open hearings on S. 1427 were conducted by the Federal Reserve Subcommittee on July 13, 18, and 25, 1955. Because of a written request from 30 Senators in the Conference of Western Senators, hearings were then adjourned. Chairman Douglas of the subcommittee announced hearings would resume early during the next session of the Congress upon a date to be fixed after consultation with the minority party representation on the subcommittee.

During the above 3 days of hearings, testimony was received from governmental witnesses, and also from nongovernmental witnesses favoring or offering no objections to the proposed legislation.

S. 1427 would repeal three statutes enacted during and after 1934 that control the Federal Government's policy in acquiring silver for monetary purposes. A summary of the statutes referred to follows:

1. *Silver Purchase Act of 1934 (ch. 674, 48 Stat. 1178).*—This act makes it United States policy to increase silver in United States monetary stocks until it equals one-fourth in monetary value of total United States gold and silver monetary stocks, and then maintain

that ratio. The Secretary of the Treasury is to buy silver in the United States or abroad to carry out this policy at a price he deems reasonable; but neither over the monetary value nor more than 50 cents per fine ounce for silver in the United States on May 1, 1934.

The Secretary, with the President's approval, may sell silver whenever the one-fourth ratio of silver to total monetary stocks is exceeded or the market price exceeds the monetary value of silver. He must retain a sufficient amount to back up outstanding silver certificates. He must issue silver certificates (made legal tender) equal to the cost of silver bought, backing them with a reserve of silver bullion or silver dollars equal in monetary value to the face amount of the silver certificates.

The Secretary, with Presidential approval, may use investigative, regulatory, and licensing power over silver. A fine up to $10,000 and imprisonment up to 10 years, or both, may be levied on conviction of violation of such regulation or license.

If necessary, the President may requisition all silver for United States mints, paying the monetary value less seigniorage and similar charges fixed by the Secretary with the President's approval. Payment may be in silver dollars or any United States coin or currency, at not less than the fair value of silver delivered (market price over a reasonable period ending with the time of requisition). The Secretary shall pay transportation, insurance, and other costs incidental to requisition. Any silver withheld after requisition is forfeit and may be seized and condemned as in case of unlawfully imported property. Moreover, any person failing to obey the requisition is subject to a penalty of twice the monetary value of the silver involved.

An appropriation of $500,000 was authorized to carry out the act under the President's direction, plus any added annual appropriations needed. Provisions for definitions, separability, and reserving the right to amend or repeal the act are included. Special Federal tax provisions in section 8 of the act added schedule A (10) to title VIII of the Revenue Act of 1926 and authorized a 50 percent tax on profit resulting from silver bullion transfers to be evidenced by tax stamps affixed to a memorandum the transferor must give the transferee. A maximum fine of $1,000 or imprisonment of 6 months, or both, is provided for convicted violators. Tax abatement or refund provisions are included for profit realized in a regular silver business for industrial, professional, or artistic use, and in hedging operations in silver foreign exchange. The tax does not apply to profits realized if the silver is requisitioned by the President. The tax applies to transactions on or after May 15, 1934.

While section 8 was repealed by the act of February 10, 1939 (53 Stat. 1), its place was taken by section 1805 of the Internal Revenue Code of 1939. This repeated the context of section 8 and added section 9 (regulatory power in the Secretary, with the President's approval) and definitions of "person" and "continental United States" from section 10. Later the definition of "continental United States" was dropped from section 1805. In addition, section 1821 (b) (4) of the 1939 Code appears in section 7201 of the 1954 Code, but the offense of willful tax evasion is made a felony punishable upon conviction by a maximum fine of $10,000 or imprisonment for 5 years, or both, plus costs of prosecution. (NOTE.—Because of these statutory changes, the words and figures "sections 1805 and 1821 (b) (4)

of the Internal Revenue Code" in lines 6 and 7 on page 1 of S. 1427 should be stricken and "sections 4891 to 4897, inclusive, of the Internal Revenue Code of 1954" should be inserted in lieu thereof. Sections 7201 and 7701 (a) (1) of the 1954 Code have general application and should not be repealed. However, sections 4893 and 4897 in the 1954 Code have special application and should be repealed, even though they were not derived directly from section 1805 of the 1939 Code.)

2. *Act of July 6, 1939, section 4 (ch. 260, 53 Stat. 998).*—Section 4 of this act directs each mint to receive for coinage into silver dollars, under regulations issued by the Secretary of the Treasury, all domestic silver mined after July 1, 1939. As seigniorage 45 percent is to be deducted. Such transfers of silver are exempted from the silver transfer tax. The 45 percent may be held as bullion or coined into silver dollars, and held or disposed of in the same manner as other Treasury bullion or silver dollars. The Secretary is authorized to issue necessary regulations, including the manner of identifying silver tendered to the mints as newly mined after July 1, 1939.

3. *Act of July 31, 1946 (ch. 718, 60 Stat. 750).*—This act authorizes the Secretary of the Treasury to sell silver held or owned by the United States at not less than 90.5 cents per fine troy ounce, but requires him to retain silver of a monetary value equal to the face amount of all outstanding silver certificates. After July 31, 1946, seigniorage is reduced to 30 percent from 45 percent. Each mint is to receive for coinage newly mined United States silver offered within 1 year after the month it was mined.

S. 1427 contains a saving provision in order that the repeal of the three statutes above will not affect any act done or rights or any civil action begun before the repeal. It also saves the right to prosecute offenses committed before the repeal.

The bill requires the Treasury Department to own and control within the United States 371.25 grains of fine silver (in bullion or silver dollars) for each dollar of silver certificates outstanding. Silver certificates are made redeemable in silver dollars, which the Secretary is authorized to coin from silver now owned by the Treasury. The Secretary is authorized to use for subsidiary coinage any silver not required by the bill to be retained as backing for silver certificates. The bill makes itself effective the 30th day after enactment.

SECURITIES LEGISLATION

Corporate Proxy Contests

[S. 879]

To amend the Securities Exchange Act of 1934 to increase public disclosure of security ownership

HISTORY OF BILL

S. 879 was introduced by Senator Capehart on February 1, 1955. Hearings were held on June 5, 6, 7, 11, 12, and 14, 1955, and the hearings will be resumed at a later date.

DIGEST OF BILL

Under the present law, the beneficial owner of more than 10 percent of any equity security registered on a national securities exchange

must file a written statement of the amount of securities he owns at the time the security is registered or within 10 days after he becomes such a beneficial owner, and file a monthly statement showing any change in ownership. This bill would make this requirement applicable to the owner of more than 5 percent of such securities rather than the owner of more than 10 percent.

Unlisted Securities

[S. 2054]

To amend the Securities Exchange Act of 1934, as amended

HISTORY OF BILL

S. 2054 was introduced by Senator Fulbright on May 24, 1955. Hearings were held on June 27, 30, and July 1, 1955. The Subcommittee on Securities ordered the bill reported to the committee on July 28, 1955, and action by the committee is scheduled early next year.

DIGEST OF BILL

This bill would amend the Securities Exchange Act of 1934 to apply current law affecting companies listed on a national securities exchange to certain companies whose stock is unlisted. It would require every issuer whose total assets exceed $2 million to file a registration statement with respect to—

1. Each class of its equity securities held of record by more than 750 persons, and
2. Each debt security registered pursuant to the Securities Act of 1933 where the outstanding principal amount exceeds $1 million.

The registration statement would contain the information required by section 12 (b) of the Securities Exchange Act for securities registered on a national exchange. The issuer would be required to file periodical information and current reports provided for in section 13 (financial information) of the act. The provisions of section 14 (proxy solicitation), section 16 (disclosure of beneficial interests and insider trading) and section 7 (e) (margin requirements) would apply to such issuers and trading in such issues.

Banks, savings and loan associations, religious, educational, and charitable organizations, and insurance companies would be specifically exempted from the requirements of the bill. The Securities and Exchange Commission would be authorized to exempt foreign issuers and issues against whom the provisions of the bill are not susceptible of enforcement.

Registration of a security would be terminated if the total assets of the issuer were reduced to less than $1 million, or in case of equity securities, if held by less than 500 persons; or in the case of debt securities, if the outstanding principal amount is reduced to less than $1 million.

The bill would repeal section 12 (f) (3) of the Securities Exchange Act of 1934 so that securities registered under this bill would not thereby be eligible for unlisted trading privileges on national exchanges.

CURRENCY AND COINAGE LEGISLATION

Inscription "In God We Trust" on Currency and Coins

[H. R. 619]

[Public Law 140, approved July 11, 1955]

To provide that all United States currency shall bear the inscription "In God We Trust"

HISTORY OF LEGISLATION

H. R. 619 was introduced by Congressman Bennett of Florida on January 5, 1955. It was reported, with an amendment, by Congressman Spence on May 26, 1955 (H. Rept. 662), and was passed by the House on June 7, 1955.

The bill was reported to the Senate, without amendment, by Senator Monroney on June 27, 1955 (S. Rept. 637), and was passed by the Senate on June 29, 1955.

DIGEST OF STATUTE

This statute provides that at such time as new dies are adopted by the Bureau of Engraving for the printing of currency, the dies shall bear the inscription "In God We Trust" and thereafter this inscription shall appear on all United States currency and coins.

Benjamin Franklin Medal

[S. 463]

[Public Law 259, approved August 9, 1955]

To authorize the issuance of commemorative medals to certain societies of which Benjamin Franklin was a member, founder, or sponsor in observance of the 250th anniversary of his birth

HISTORY OF LEGISLATION

S. 463 was introduced by Senator Duff and Senator Martin on January 14, 1955. It was reported, with amendments, by Senator Monroney on July 21, 1955 (S. Rept. 1063), and was passed by the Senate on July 25, 1955.

The bill was reported to the House, without amendment, by Congressman Spence on July 28, 1955 (H. Rept. 1553), and was passed by the House on August 1, 1955.

DIGEST OF STATUTE

This statute authorizes and directs the Secretary of the Treasury to strike 71 bronze medals with an appropriate design and inscription to commemorate the 250th anniversary of the birth of Benjamin Franklin. Twenty-one scientific, educational, and welfare societies of which Benjamin Franklin was a member are specifically designated to be recipients of medals. The remaining 50 medals are to be presented in cooperation with the 250th anniversary committee of the Franklin Institute to other enterprises, institutions, and societies founded or helped in their early development by Benjamin Franklin.

SALK MEDAL

[H. J. Res. 278]

[Public Law 297, approved August 9, 1955]

To provide that a gold medal be coined and presented to Dr. Jonas E. Salk in honor of his achievements in the field of medicine

HISTORY OF LEGISLATION

House Joint Resolution 278 was introduced by Congressman Davidson on April 14, 1955. It was reported, without amendment, by Congressman Spence on July 22, 1955 (H. Rept. 1351), and was passed by the House on July 26, 1955.

The resolution was reported to the Senate by Senator Fulbright on July 29, 1955 (S. Rept. 1235), and was passed by the Senate on July 30, 1955.

DIGEST OF STATUTE

This statute authorizes and directs the Secretary of the Treasury to strike and present a gold medal to Dr. Jonas E. Salk in recognition of his discovery of a serum for the prevention of poliomyelitis. The Secretary of the Treasury is also directed to coin duplicates of the medal in bronze for sale to the public.

TEXAS MEDAL

[H. R. 7244]

[Public Law 338, approved August 9, 1955]

To provide for the striking of medals in commemoration of the 120th anniversary of the signing of the Texas Declaration of Independence and the Battles of the Alamo, Goliad, and San Jacinto in the year 1836.

HISTORY OF LEGISLATION

H. R. 7244 was introduced by Congressman Thornberry on June 11, 1955. It was reported, without amendment, by Congressman Spence on July 21, 1955 (H. Rept. 1342), and was passed by the House on July 26, 1955.

The bill was reported to the Senate, without amendment, by Senator Fulbright on August 1, 1955, and was passed by the Senate on August 2, 1955.

DIGEST OF STATUTE

This statute authorizes and directs the Secretary of the Treasury to strike and sell to the Texas Heritage Foundation, Inc., 2,000 medals to commemorate the 120th anniversary of the signing of the Texas Declaration of Independence and the Battles of the Alamo, Goliad, and San Jacinto. Upon authorization by the Texas Heritage Foundation, the Secretary of the Treasury shall also coin and sell bronze duplicates of such medals.

SMALL BUSINESS LEGISLATION

Extension of the Small Business Act of 1953

[S. 2127]

[Public Law 268, approved August 9, 1955]

To amend the Small Business Act of 1953

HISTORY OF LEGISLATION

S. 2127 was a committee bill introduced by Senator Morse on June 1, 1955, to amend the Small Business Act of 1953. The bill was reported by the committee (S. Rept. 405) after a study of testimony received in open hearings on May 5, 9, and 11, 1955, on the following bills: S. 16, S. 150, S. 381, S. 382, S. 383, S. 1500, and S. 1802.

S. 2127 passed the Senate, without amendments, on June 6, 1955, and was referred to the House of Representatives. The Banking and Currency Committee of the House considered the bill, amended it in certain respects, and reported it to the House on July 22, 1955 (H. Rept. 1350).

S. 2127, as reported, was considered in the House on August 2, 1955, was amended in several respects, and was passed with amendments. The amendments by the House of Representatives were agreed to by the Senate on August 2, 1955, and the bill was approved by the President on August 9, 1955, becoming Public Law 268.

DIGEST OF STATUTE

As enacted, the statute makes the following changes affecting the general administration of the Small Business Administration:

1. Enables the SBA to have regional offices as well as branch offices.

2. Clarifies language in the basic statute to specify that the Small Business Administration shall pay interest to the Treasury on the "net amount of cash disbursements" from the Treasury. Prior to this change the law required a payment of interest "on the amount of advances outstanding" from the Treasury even though funds had not been actually disbursed by the Small Business Administration.

3. Enables the Small Business Administration to establish regional offices in Alaska, Hawaii, and Puerto Rico.

4. Enables the Small Business Administration to pay the costs incident to bonding its employees and incident to qualifying certain employees as notaries public.

5. Permits the Small Business Administration to establish not to exceed 15 positions in civil-service grades GS–16, 17, and 18.

6. Enables the Small Business Administration to obtain the services of attorneys by contract, in any office where it is not economical to obtain these services by hiring a full-time employee.

7. Authorizes the Small Business Administration to obtain the services of experts and consultants at a compensation up to $50 per day and with subsistence payments up to $15 per day.

8. Requires the Small Business Administration, when requested to do so, to issue a certificate certifying that an individual concern is a "small-business concern" in accordance with criteria expressed in the Small Business Act of 1953. Such a certificate will be honored by any offices of the Government having procurement or lending powers, or engaging in the disposal of Federal property, or allocating materials or supplies, or promulgating regulations affecting the distribution of materials or supplies.

9. Requires the Small Business Administration to make studies and recommendations to insure that small-business enterprises receive a fair share of Government purchases and contracts for supplies and services, and a fair share of Government contracts for research and development.

10. Requires the Small Business Administration to make semiannual reports to the President, the Senate, the House of Representatives, and to certain congressional committees, showing the expenditures of the agency under each of its principal activities; and requires the agency to retain certain significant records for at least 1 year so that these records will be available for scrutiny by committees of the Congress.

11. Forbids the Small Business Administration from duplicating the work or activity of any other agency unless such work or activity is specifically directed by the Small Business Act of 1953, as amended.

The statute makes the following changes in the nature of the programs administered by the Small Business Administration:

1. Increases the limit on individual loans to small businesses from $150,000 to $250,000, and provides that the interest rate charged by the Small Business Administration shall be limited to the rate prevailing in the area where the business is located but in no event shall the interest rate exceed 6 percent.

2. Permits individual small businesses to associate together and pool their individual eligibilities for $250,000 loans, thus lifting the loan ceiling for the corporate pool to the sum of the individual eligibilities. If the loan to such a pool is for the purpose of constructing facilities, the loan may be for a term up to 20 years and the interest rate may vary between 3 percent and 5 percent, inclusive. Under certain conditions, activities of the pool are exempt from antitrust laws and from the Federal Trade Commission Act.

3. Enables the Small Business Administration to participate with private lenders in making disaster loans and enables the Administration to make loans to distressed businesses in drought areas.

4. Specifies that the interest rate on disaster housing loans shall not exceed 3 percent.

5. Enables the Small Business Administration to extend certain outstanding loans for an additional period not to exceed 10 years.

6. Revises the act to remove any doubt that the contract assistance program for small businesses may be continued during periods when the full productive capacity of the country is being "maintained" as well as during periods when full productive capacity is being "mobilized."

7. Extends the Small Business Administration and its programs until July 31, 1957, with a provision that the extension is effective from the close of July 31, 1955.

The act also contains the following miscellaneous provisions:

1. Deletes an obsolete provision from section 218 of the Small Business Act of 1953. This obsolete portion of the law directed the transfer of certain personnel and certain records from the Small Defense Plants Administration to the Small Business Administration.

2. Repeals all laws inconsistent with the Small Business Act of 1953, as amended.

3. Requires the Department of Defense to make a monthly report to the President, the Senate, and the House of Representatives, showing the amounts expended, obligated, or contracted by that Department, which amounts are to be spent with small businesses and with other businesses in the same field; and requires that such reports shall show separately amounts for scientific research and development.

4. Amends the Armed Services Procurement Act of 1947 to require that all bids or invitations for bids shall contain complete specifications and descriptions; and that such complete information shall be available or accessible to all competent, reliable bidders.

EXTENDING RESOLUTION

Temporary Extension of Certain Housing Programs, the Small Business Act of 1953, and the Defense Production Act of 1950

[S. J. Res. 85]

[Public Law 119, approved June 30, 1955]

To extend for temporary periods certain housing programs, the Small Business Act of 1953, and the Defense Production Act of 1950

HISTORY OF RESOLUTION

Senate Joint Resolution 85 was introduced and reported by Senator Fulbright on June 27, 1955 (S. Rept. 639), to extend for temporary periods certain housing programs, the Small Business Act of 1953, and the Defense Production Act of 1950. The resolution was passed by the Senate and the House of Representatives on June 28, 1955, and was approved by the President on June 30, 1955, becoming Public Law 119.

DIGEST OF RESOLUTION

The resolution, as enacted, extended for temporary periods the following acts or programs:

1. Extended the home improvement and modernization insurance program under title I of the National Housing Act from July 1, 1955, to August 1, 1955.

2. Extended the military housing insurance program under title VIII of the National Housing Act from June 30, 1955, to July 31, 1955.

3. Extended the Defense Housing and Community Facilities and Services Act of 1951 from July 1, 1955, to August 1, 1955.

4. Extended the low-rent public housing program under the United States Housing Act of 1937 from June 30, 1955, to August 1, 1955.

5. Extended the Small Business Act of 1953 from June 30, 1955, to July 31, 1955.

6. Extended the Defense Production Act of 1950 from June 30, 1955, to July 31, 1955.

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84TH CONGRESS
1st Session

SENATE

REPORT
No. 1307

SUMMARY OF ACTIVITIES

REPORT

OF THE

COMMITTEE ON POST OFFICE AND CIVIL SERVICE

DURING THE

FIRST SESSION

OF THE

EIGHTY-FOURTH CONGRESS

SEPTEMBER 23, 1955.—Filed under the authority of the order of the Senate of August 1, 1955, and ordered to be printed

UNITED STATES
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COMMITTEE ON POST OFFICE AND CIVIL SERVICE

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84TH CONGRESS } SENATE { REPORT
1st Session } { No. 1307

SUMMARY OF ACTIVITIES

SEPTEMBER 23, 1955.—Filed under the authority of the order of the Senate of August 1, 1955, and ordered to be printed

Mr. JOHNSTON of South Carolina, from the Committee on Post Office and Civil Service, submitted the following

REPORT

STATEMENT CONCERNING THE ACTIVITIES OF THE SENATE COMMITTEE ON POST OFFICE AND CIVIL SERVICE

During the first session of the 84th Congress, 130 Senate bills, 1 Senate joint resolution, 1 Senate concurrent resolution, 3 Senate resolutions, and 14 House bills were referred to the committee. Favorable action was taken on 16 Senate bills, 3 Senate resolutions, and 9 House bills. An additional 20 Senate bills were disposed of because of being superseded by other bills or by being incorporated into other bills that were enacted into law; 5 Senate bills passed the Senate and are pending in the House committee; 2 Senate bills remain pending on the Senate Calendar.

Fourteen hundred and ninety postmaster nominations were referred to the committee. Eleven hundred and thirty-one were confirmed by the Senate, 3 were rejected, 12 were withdrawn by the President, and 344 are still pending.

The committee held hearings on the following subjects: (1) increase in pay for postal employees; (2) increase in pay for employees subject to the Classification Act and others in the Federal service; (3) to provide that employees now under the Civil Service Retirement Act who rendered service in certain Federal-State educational and agricultural programs might pay for and include such service in computing their Federal retirement annuity; (4) to require the Postmaster General to reimburse postmasters of discontinued post offices for equipment owned by the postmaster; (5) to adjust the postal rates on educational and cultural materials; (6) to provide for the purchase of bonds for postal and other Federal employees out of agency appropriations; and, (7) to increase the retirement benefits of former Federal employees and present employees who retire in the near future.

Pursuant to Senate Resolution 20, the committee conducted an extensive study of the Federal security program. This required careful and exhaustive investigation of hundreds of individual cases,

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detailed analysis of many agency programs, consultation with countless principals and disinterested persons, and an extended series of executive and public hearings. The benefits of this effort are becoming apparent in many directions. Among the tangible results to date are the following:

(1) The Secretary of the Army issued a public apology for the slipshod and careless handling of the program in the Department of the Army and stated that immediate steps would be taken to overhaul procedures and administrative practices to prevent the recurrence of similar incidents in the future.

(2) The top administrative structure and security setup in the Small Business Administration was found to be rotten from "peel to core." Exposure of the situation caused the agency to remove the security officer.

(3) There now is an acute awareness by the Congress, the committee, and the general public—if not the administration—that the Government's security program is not a toy or plaything to be entrusted to immature or inexperienced political appointees. To the contrary, the program is a deadly serious matter and should be administered by persons possessed of great skill, wide experience, broad vision, and completely impartial minds capable of making decisions in accord with American ideals and traditions.

The study and investigation of the administration of the merit system by the Civil Service Commission and other agencies of the Government authorized by Senate Resolution 33 is getting underway. The collection of certain data in a number of areas essential to the study has been assigned to the General Accounting Office. Other data and basic facts are being assembled by the committee staff preliminary to opening the investigation on a more formal and full-fledged basis.

Similarly, plans are being developed for the study and investigation of the Post Office Department authorized by Senate Resolution 33. Particular attention will be given such matters as postal rates, operating procedures, the extent of research and development undertaken by the Department with the view to greater economy and efficiency, and to the hundreds of complaints alleging violations of the Veterans' Preference Act and other civil-service laws in the appointment of postmasters and other postal employees.

This report would not be complete without special and sincere commendation to the individual members of the Senate Post Office and Civil Service Committee. The new and progressive legislation enacted, the improvements made in existing law and the other accomplishments of the committee, which are the greatest in recent years, were made under sometimes difficult and trying circumstances due to the lack of support from the executive branch of the Government, and stand as a monument to their wisdom and devotion to duty. I wish to thank the committee as a whole and each member individually for the understanding and cooperation which contributed so greatly to the record accomplishments of the committee.

Finally, I wish to commend the staff for the performance of their duties in such an outstanding and faithful manner. The committee has the most able and experienced staff it has ever assembled.

OLIN D. JOHNSTON.

LEGISLATION APPROVED BY THE SENATE COMMITTEE ON POST OFFICE AND CIVIL SERVICE DURING THE FIRST SESSION OF THE 84TH CONGRESS

SENATE BILLS AND RESOLUTIONS APPROVED BY COMMITTEE WHICH BECAME LAW OR WERE VETOED

Public Law No. or other action	Explanation of provisions	Senate bill or resolution
37	To amend sec. 402 of the Federal Employees Uniform Allowance Act, approved Sept. 1, 1954. Serious inequities among Federal employees would arise under the act enacted by the 83d Congress because of the provision limiting eligibility for benefits to employees who were required by regulations "existing on the date of enactment" of the act, to wear a prescribed uniform when on official duty. The bill strikes out the quoted language and thus makes the benefits of the act potentially available to all employees who are required by law or regulation to wear prescribed uniforms in the performance of their official duties thereby avoiding an inequity which otherwise would occur.	S. 1094 (Mr. Johnston of South Carolina).
68	To increase the rates of basic compensation of officers and employees in the field service of the Post Office Department and for other purposes Under the bill, all postal employees receive a minimum increase of 6 percent on their basic salaries retroactive to Mar. 1, 1955. Within 180 days after enactment their positions are to be fitted into a salary schedule providing a pay scale designed to give equal pay for equal work. The later action should result in an estimated additional increase of 2.5 percent resulting in a total overall payroll increase slightly in excess of 8½ percent. On Aug. 23, 1954, a bill providing an increase of 5 percent was vetoed by the President. Again on May 19, 1955, the President vetoed S. 1, a bill providing an increase of just under 8½ percent. Approval of this measure follows 18 months' effort by Congress to accomplish enactment into law of an equitable increase in pay for postal employees.	S. 2061 (Messrs. Johnston of South Carolina, Neely, and others)

Senate bills and resolutions approved by committee which became law or were vetoed—Continued

Public Law No. or other action	Explanation of provisions	Senate bill or resolution
68—Continued	Following are other features of the enactment: (1) Downgrading: The bill contains prohibitions against downgrading of employees and assures that they will receive their present salary plus a minimum 6 percent increase. It also provides that the per annum or hourly basic compensation of all employees subject to the rural carrier schedule or 4th-class office schedule shall receive their present pay plus a minimum increase of 6 percent. (2) Longevity for substitutes: The bill provides longevity increases for substitutes for the first time. (3) Annual increases: The bill accelerates the advancement of clerks and carriers to the top steps of their salary levels by reducing the number of automatic steps from 9 to 7 and increasing the amount of each step increase. (4) Step increases for postmasters and supervisors: The bill provides automatic step increases for postmasters and supervisors who were formerly subject to a single rate. (5) Guaranteed increases: The bill provides that when an employee is promoted to a higher salary level, he shall receive as a minimum increase the amount of difference between the 1st step of the salary level from which promoted and the 1st step of the next higher salary level. (6) Restrictions on appointments: The bill limits the authority of the Postmaster General to appoint to a salary rate higher than the entrance rate persons not in the Government service. (7) Biweekly pay period: The bill establishes a biweekly pay period instead of the present semimonthly pay period. The advantages to the employee are twofold. First, he receives an additional day's pay per year, and, secondly, he receives his pay on the same day of each alternate week throughout the year.	

Senate bills and resolutions approved by committee which became law or were vetoed—Continued

Public Law No. or other action	Explanation of provisions	Senate bill or resolution
68—Continued	(8) Ratio of substitutes to regulars: The bill authorizes 1 classified substitute for each 5 regular employees rather than the 1 to 6 ratio now in effect. This will permit the conversion to career tenure of several thousand employees who cannot presently be converted from indefinite or temporary tenure. (9) New per diem rate for rural carrier substitutes: The bill also provides a new method for computing the per diem rate of rural carrier substitutes using a 312-day basis instead of a 360-day basis. (10) Increase in travel for PTS employees: The bill increases the authorized travel allowance of postal transportation employees assigned to road duty from the present rate of $6 per day to $9 per day.	
94	To adjust the basic rates of compensation of certain officers and employees of the Federal Government, and for other purposes, by increasing the entrance rates of the GS and CPC schedules of the Classification Act of 1949, as amended, by 7½ percent rounded upward to the nearest amount divisible by 5. The steps in each grade above the entrance rate are adjusted upward in a comparable manner so as to provide an approximate 7½ percent increase to all employees. Included under the provisions of the bill are the following: Employees whose positions are subject to the Classification Act of 1949, as amended; officers and employees in or under the judicial branch; court reporters for Federal district courts; secretaries and law clerks of circuit and district judges; employees in the legislative branch; employees in the Department of Medicine and Surgery in the Veterans' Administration; and, employees in the Foreign Service. The bill also authorizes comparable increases to employees whose salaries are set by administrative action, such as employees of the TVA and AEC. On Aug. 23, 1954, a measure providing an increase of approximately 5 percent was vetoed by the President.	S. 67 (Mr. Johnston of South Carolina and others).

Senate bills and resolutions approved by committee which became law or were vetoed—Continued

Public Law No. or other action	Explanation of provisions	Senate bill or resolution
108	To permit the shipment by mail of live scorpions under regulations to be prescribed by the Postmaster General which are to be used for purposes of medical research or for the manufacture of antivenin. The bill does not authorize the transmission in the mails of live scorpions by means of aircraft engaged in the carriage of passengers for compensation or hire.	S. 35 (Mr. Goldwater).
356	To amend sec. 10 of the Federal Employees Group Life Insurance Act of 1954 to make possible the continuance of the life-insurance protection held by some 135,000 present and former Federal employees as members of various nonprofit beneficial associations. This would be accomplished under an arrangement whereby the employees life-insurance fund in the Civil Service Commission would assume the insurance obligations and take over the assets of the beneficial associations. When this has been accomplished, policyholders will make future premium payments direct to the Civil Service Commission.	S. 1792 (Mr. Johnston of South Carolina).
380	To provide for the granting of career-conditional and career appointments to certain qualified employees. The bill as introduced would have granted career status to employees having indefinite appointments who were certified and within reach for appointment from competitive civil-service registers during the period from June 30, 1950, to Jan. 23, 1955, but were not so appointed because they were already employed by the Government. The bill was amended by the House to include, in addition to those described above, both indefinite and temporary employees with 3 years or more of satisfactory Federal service and who within 1 year pass an appropriate qualifying examination. Before such employees are considered for conversion to career status, they must make application through their agency and the agency concerned must recommend favorable action. As enacted, the bill will make it possible for upward of 200,000 Federal employees to be converted from an indefinite or temporary to a career status.	S. 1849 (Mr. Johnston of South Carolina).

Senate bills and resolutions approved by committee which became law or were vetoed—Continued

Public Law No. or other action	Explanation of provisions	Senate bill or resolution
286	To authorize the dual employment of custodial employees in post-office buildings operated by the General Services Administration. The measure would permit the Post Office Department to utilize the services of certain custodial employees of the General Services Administration on a part-time basis. The employees concerned have had previous postal experience and are particularly helpful during peak periods.	S. 2403 (Mr. Johnston of South Carolina).
Conference report agreed to by Senate and sent to the President on May 11, 1955. Vetoed by the President on May 19, 1955. Veto sustained in the Senate. The vote was 54 to override and 39 against, which failed by 8 votes of being a ⅔ majority	To increase the rates of basic compensation of officers and employees in the field service of the Post Office Department. S. 1, as amended, provided a 7-percent increase retroactive to Mar. 1, 1955, and called for the classification of all positions within a 6-month period after the date of enactment. It is estimated that the classification feature would have resulted in an additional overall increase of 1½ percent, making the total increase approximately 8.5 percent.	S. 1 (Messrs. Johnston of South Carolina, Neely, and others).
Approved and sent to the President on Aug. 5, 1955. Returned without the approval of the President of the United States on Aug. 17, 1955. Pocket veto	To amend the Civil Service Retirement Act of May 29, 1930, as amended, to provide for the inclusion in the computation of accredited service of certain periods of service rendered States or instrumentalities of States. The bill would provide equitable retirement benefits to certain Federal employees who were employed on Federal-State projects financed in whole or in part by the Federal Government. Under the bill such periods of employment would be credited as allowable service toward civil-service retirement annuities provided: (1) The performance of such service is certified by the head of the executive department of the Federal Government which administers the law authorizing the program; (2) The employee has at least 5 years of Federal service in a position within the purview of the act (other than in a position described in this bill) at the time of his retirement or death; and (3) The employee deposits to the credit of the civil-service retirement fund an amount equal to the sum which would have been deducted from his basic compensation had he been subject to the Civil Service Retirement Act plus the required interest	S. 1041 (Mr. Johnston of South Carolina).

HOUSE BILLS APPROVED BY COMMITTEE WHICH BECAME LAW

Public Law No.	Explanation of provisions	House bill No.
35	To authorize the furnishing of subsistence and quarters without charge to employees of the Corps of Engineers engaged on floating-plant operations. Sec. 606 of the Federal Employees Pay Act of 1945, as amended, provides that vessel employees of the Transportation Corps of the Army, the Coast and Geodetic Survey, the Department of the Interior, and of the Panama Railroad Company may be compensated in accordance with the wage practices of the maritime industry. The Corps of Engineers was operating under a major disadvantage since it was without authority to follow this practice of furnishing subsistence and quarters to its employees on floating-plant operations.	H. R. 4936
65	To establish a statute of limitations barring payment of any postal money order after 20 years from the last day of the month in which the money order was issued in order that outdated records of the post office may be disposed of.	H. R. 4817
90	To prevent an inequity to about 150 dispatchers in the motor-vehicle service and a small number of supervisors arising out of the provisions of Public Law 204, 82d Cong., under which incumbent employees would have received less pay than new recruits.	H. R. 4659
170	To amend the act of Aug. 24, 1912, to simplify the procedures governing the mailings of certain publications of churches and church organizations. This measure authorizes such organizations to mail their publications under 2d-class rates (which rates now apply) without the necessity of maintaining subscription lists separate from their membership lists. The measure has no effect on postal revenues but does remove an unjustified hardship imposed on churches as contrasted with institutions of learning, trade unions, lodges, etc.	H. R. 4585
189	Amends the Travel Expense Act of 1949 by raising the maximum per diem allowance for subsistence and travel expenses from $9 to $12 per day. Also, includes a new provision which will permit heads of departments and agencies to prescribe conditions under which reimbursement may be made for actual and necessary expenses (but not to exceed $25 per day) in unusual circumstances where these expenses exceed the maximum per diem authorized. The per diem expense allowance for persons serving the Government without compensation is increased from $10 to $15 per day. The mileage allowance for travel by privately owned motorcycles and automobiles is raised from 4 and 7 cents to 6 and 10 cents, respectively.	H. R. 6295
323	To provide for the purchase of bonds to cover officers and employees of the Government. The House bill was limited to employees of the Post Office Department. The bill was amended by the Senate committee to extend to all officers and employees of the Government. The bill is mandatory in its effect upon the executive branch and permissive with respect to the legislative and judicial branches.	H. R. 4778
238	To extend the coverage of the act of July 3, 1926, which establishes a postage rate of 5 cents for each 2 ounces or fraction thereof for the return by mail of hotel or steamship keys with tags bearing post-office addresses to other types of keys, identification devices of one kind or another, and small articles such as billfolds.	H. R. 4808

House bills approved by committee which became law—Continued

<table>
<tr><th>Public Law No.</th><th>Explanation of provisions</th><th>House bill No.</th></tr>
<tr><td>330</td><td>To clarify and consolidate in a single, permanent, penal statute the rider reenacted each year in appropriation acts which prohibit the employment by the Government of (1) any person who advocates overthrow of our constitutional form of government, and (2) any person who strikes against the Government or belongs to an organization of Government employees that asserts the right to strike against the Government.</td><td>H. R. 6590</td></tr>
<tr><td>369</td><td>To amend sec. 8 of the Civil Service Retirement Act of May 29, 1930, as amended, to give persons who now or in the immediate future are receiving or become entitled to receive an annuity from the civil-service retirement fund an increase equated to the increase in pay accorded Federal employees during the 1st sess. of the 84th Cong. The increase in annuities made by this measure does not extend to employees who become entitled to annuity benefits after Dec. 31, 1957, because such persons automatically receive larger annuities by reason of their increased base pay during the interim period. The increases made by this measure are in accordance with the following schedule and became effective on the 1st day of the 2d month following enactment:
<table>
<tr><th>If annuity commences between—</th><th>Annuity not in excess of $1,500 shall be increased by—</th><th>Annuity in excess of $1,500 shall be increased by—</th></tr>
<tr><td>August 20, 1920, and June 30, 1955</td><td>12 per centum</td><td>8 per centum.</td></tr>
<tr><td>July 1, 1955, and December 31, 1955</td><td>10 per centum</td><td>7 per centum.</td></tr>
<tr><td>January 1, 1956, and June 30, 1956</td><td>8 per centum</td><td>6 per centum.</td></tr>
<tr><td>July 1, 1956, and December 31, 1956</td><td>6 per centum</td><td>4 per centum.</td></tr>
<tr><td>January 1, 1957, and June 30, 1957</td><td>4 per centum</td><td>2 per centum.</td></tr>
<tr><td>July 1, 1957, and December 31, 1957</td><td>2 per centum</td><td>1 per centum.</td></tr>
</table></td><td>H. R. 7618</td></tr>
</table>

BILLS PASSED THE SENATE AND PENDING IN HOUSE

Bill No.	Explanation of provisions	Action
S. 59 (Mr. Johnston of South Carolina)	Makes effective as of Apr. 1, 1948, certain survivorship benefits effective Sept. 30, 1949. The Civil Service Retirement Act, as amended effective Apr. 1, 1948, authorizes a husband, at the time of his retirement, to elect a survivorship annuity payable to his widow equal to 50 percent of the annuity otherwise payable to him. To obtain the benefit of this provision, the husband was required to take a reduction of 10 percent in the annuity payable to him. The act of Sept. 30, 1949, reduced the deduction on the 1st $1,500 of the husband's annuity from 10 to 5 percent for those who retired after such date. Accordingly, husbands who retired between Apr. 1, 1948, and Sept. 30, 1949, and who elected a survivorship annuity for their widows suffered a reduction of $150 on the 1st $1,500 of their annuities, whereas, husbands who retired subsequent to Sept. 30, 1949, had to take a reduction of only $75 on the 1st $1,500 of their annuities to obtain the same benefit. S. 59 would correct this inequity in the future but not retroactively by requiring the same reduction in the annuity of male employees who retired during the period from Apr. 1, 1948, to Sept. 30, 1949, and who elected survivorship benefits as is made in the case of male employees who retired subsequent to Sept. 30, 1949, and who similarly elected survivorship benefits.	Passed Senate July 19, 1955. Pending before House Post Office and Civil Service Committee.
S. 65 (Mr. Johnston of South Carolina)	To define the word "detention" to include employees of the Bureau of Prisons and Federal Prison Industries, Inc., and certain employees of the Public Health Service.	Passed Senate July 30, 1955.

Bills passed the Senate and pending in House—Continued

Bill No.	Explanation of provisions	Action
S. 65—Continued	When special retirement legislation for all Government investigatory personnel was under consideration in the 80th Cong., the Civil Service Commission suggested that the bill be amended to include "persons engaged in the detention of criminals, such as prison guards." Since enactment of this language, the term "detention" has in practice been limited to include only "custodial officers within prison walls." S. 65 by redefining "detention" will expressly include (*a*) field service personnel of the Bureau of Prisons, Federal Prison Industries, Inc., and employees of Public Health Service assigned to such field service, and (*b*) other employees of the Bureau of Prisons and of Prison Industries, Inc., who have direct contact with persons in detention. All such employees will thus be entitled to retirement on the same basis as other groups of investigatory personnel under section 1 (d) of the Civil Service Act, as amended, which is the right to retire after reaching age 50 with at least 20 years of service.	
S. 912 (Mr. Johnston of South Carolina)	To permit the appropriate Secretary to fix the retirement due to disability of military personnel and to raise the mandatory separation age of Foreign Service officers from 60 to 65.	Passed Senate July 28, 1955. Pending before House Post Office and Civil Service Committee.
S. 1292 (Mr. Johnston of South Carolina)	To readjust postal classification on educational and cultural materials. The bill would accomplish the following: 1. Expand the categories of materials on which the regular book rate is applicable to include scholarly bibliographies, printed music, printed objective test materials, and manuscripts for books, periodical articles, and music.	Passed Senate, with amendment, June 29, 1955. Pending before House Post Office and Civil Service Committee.

Bills passed the Senate and pending in House—Continued

Bill No.	Explanation of provisions	Action
S. 1292—Con.	2. Revise the special book rate provision to limit it to the loan or exchange of the specified material between schools, colleges, universities, or public libraries, and religious, educational, scientific, and other enumerated nonprofit organizations, etc. 3. Give the Postmaster General discretion within a 10-percent limit in applying to the Interstate Commerce Commission for an increase in parcel post rates.	
S. 1516 (Mr. Pastore and others)	To provide retirement, clerical assistants, and free mailing to former Presidents.	Passed Senate May 6, 1955. Pending before Post Office and Civil Service Committee of the House.

BILLS REPORTED BY COMMITTEE AND PENDING BEFORE SENATE

Bill No.	Explanation of provisions	Action
S. 63 (Mr. Johnston of South Carolina)	To provide for the appointment of the heads of regional and district offices of the Post Office Department by the President by and with the advice and consent of the Senate.	Reported by committee June 17, 1955. Pending on Senate Calendar.
S. 2628 (Mr. Johnston of South Carolina and Mr. Carlson)	To increase the rates of compensation of the heads of executive departments and independent agencies.	Reported by committee (without hearings because of the late hour the President's request was received) July 29, 1955. Pending on Senate Calendar.

BILLS INCORPORATED INTO OTHER LEGISLATION OR OTHERWISE DISPOSED OF

Bill No.	Explanation of provisions	Action
S. 9 (Mr. Carlson)	To authorize the Civil Service Commission and the heads of all establishments in the Federal Government to make available on a voluntary prepayment basis, group hospital, medical, and other health service benefits.	Superseded by S. 2425. (S. 2425 and similar bills not yet considered by the committee.)
S. 66 (Mr. Johnston of South Carolina)	To provide that certain officers or employees now under the Civil Service Retirement Act who rendered service in a State-administered educational or agricultural program financed in whole or in part by Federal funds may include such service in computing their Federal retirement annuity.	Superseded by S. 1041. (S. 1041 approved and sent to the President on Aug. 5, 1955. Returned without approval—Pocket veto.)
S. 496 (Mr. Carlson)	Same as S. 66 above	Same as S. 66 above.
S. 442 (Mr. Johnston of South Carolina)	To increase the maximum travel allowance for postal transportation clerks from $6 to $9 per day.	Incorporated into Public Law 68.
S. 523 (Mr. Purtell)	To establish a basic administrative workweek of 40 hours and biweekly pay periods in the postal field service.	Incorporated into Public Law 68.
S. 773 (Mr. Carlson and others)	To increase the rates of basic salary of postmasters, officers, supervisors, and employees in the postal field service.	Superseded by S. 2062. S. 2061 acted on in lieu of S. 773 or S. 2062. (S. 2061 became Public Law 68.)
S. 774 (Mr. Carlson and others)	To adjust the rates of basic compensation of certain officers and employees of the Federal Government.	S. 67 acted on in lieu of S. 774. (S. 67 became Public Law 94.)
S. 809 (Mr. Langer)	To increase the basic rates of compensation of certain officers and employees of the Federal Government.	S. 67 acted on in lieu of S. 809. (S. 67 became Public Law 94.)
S. 811 (Mr. Langer)	To reclassify supervisory employees in the postal field service.	S. 2061 acted on in lieu of S. 811. (S. 2061 became Public Law 68.)
S. 813 (Mr. Langer)	To increase the rates of basic compensation of certain officers and employees of the Government by 10 percent or $400, but not to exceed $800.	S. 67 acted on in lieu of S. 813. (S. 67 became Public Law 94.)
S. 1404 (Mr. Johnston of South Carolina)	To provide for the purchase of bonds to cover employees of the postal field service.	Incorporated into Public Law 323.
S. 1486 (Mr. Carlson)	To amend the act of Oct. 24, 1951, to prevent an inequity to certain postal employees.	Incorporated into Public Law 90.

Bills incorporated into other legislation or otherwise disposed of—Continued

Bill No.	Explanation of provisions	Action
S. 1488 (Mr. Carlson)	To terminate the Post Office Department's liability on unpaid money orders after 6 years from date of issue.	Incorporated into Public Law 65.
S. 1489 (Mr. Carlson)	To increase the rates of basic salary of postal field employees.	S. 2061 acted on in lieu of S. 1489. (S. 2061 became Public Law 68.)
S. 1490 (Mr. Carlson)	To increase the rates of compensation of certain officers and employees of the Federal Government.	S. 67 acted on in lieu of S. 1490. (S. 67 became Public Law 94.)
S. 1507 (Mr. Johnston of South Carolina)	To authorize the furnishing of subsistence and quarters to employees of the Corps of Engineers engaged on floating plant operations.	H. R. 4936 passed Senate in lieu of S. 1507. (H. R. 4936 became Public Law 35.)
S. 1580 (Mr. Johnston of South Carolina)	To increase mileage and per diem allowances of Federal employees.	H. R. 6295 with provisions of S. 1580 passed Senate. (H. R. 6295, as amended, became Public Law 189.)
S. 1711 (Mr. Clements)	To grant career appointments to employees in positions under temporary or indefinite appointments with 3 years or more of service.	S. 1849 acted on in lieu of S. 1711. (S. 1849 became Public Law 380.)
S. 2019 (Mr. Carlson)	To amend the Federal Employees' Group Life Insurance Act of 1954 with respect to policyholders in nonprofit beneficial associations.	S. 1792 acted on in lieu of S. 2019. (S. 1792 became Public Law 356.)
S. 2062 (Mr. Carlson)	To increase the rates of basic salary of postal field employees.	S. 2061 acted on in lieu of S. 2062. (S. 2061 became Public Law 68.)
S. 2402 (Mr. Johnston of South Carolina)	To increase the annuity or survivorship benefits under the Civil Service Retirement Act.	Provisions embodied in H. R. 7618. (H. R. 7618 became Public Law 369.)
S. 2551 (Mr. Smathers)	To increase the annuity or survivorship benefits under the Civil Service Retirement Act.	Provisions embodied in H. R. 7618. (H. R. 7618 became Public Law 369.)

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